

S&P/TSX Flat in Light Trading, Poised to Underperform U.S. by 17%

Description

Canadian equities traded lower on light volume Monday, weighed down by gold mining and other commodity issues.

The **S&P/TSX Composite Index** (^OSPTX) fell 6.59 points, or 0.05%, to finish the day at 13,581. In the United States, the **Dow Jones Industrial Average** closed at another record high up 25.88 points, or 0.16%, at 16,504. Based on today's close, the TSX is poised to underperform its American counterpart by over 17% this year.

Judging by today's action, it was apparent Bay Street asset managers were dressing up their portfolios for the New Year. This technique involves selling underperforming securities and purchasing high flying stocks to improve the appearance of the fund's holdings when reporting to clients.

The TSX was led higher by some of the best performing stocks all year including **Constellation Software** ([TSX:CSU](#)) and **Valeant Pharmaceuticals** (TSX:VRX) which were up 4.44% and 2.75% respectively.

Thompson Creek Metals (TSX:TCM) and **Atlantic Power** (TSX:ATP) led the market lower down 2.94% and 4.22% respectively. These have been some of the market's worst performers.

Gold mining shares were the biggest drag on the index due to weak bullion prices. **IAMGOLD** ([TSX:IMG](#)) and **Goldcorp** (TSX:G, NYSE:GG) were the biggest laggards down 5.66% and 3.72% respectively.

Year-to-date the price of gold has fallen almost 30% and has been one of the biggest drags on the TSX. However there's optimism amongst investors that low gold prices – now nearing US\$1,200 per ounce – should led to mine closures in the new year. Hopefully, this should put a floor underneath the price of the yellow metal.

In corporate news, Quebec-based **Transforce** (TSX:TFI) looks like it has come out as the winner in a bidding war for trucking and logistics firms **Vitran** (TSX:VTN). Transforce offered to pay \$6.50 per share in cash for the stock it doesn't already own in a deal worth \$136 million.

Transforce shares finished the day up 0.80% to \$25.11. Vitran shares fell 0.25% to \$6.88. This premium to the offer price suggests Vitran investors expect another bid to emerge.

Finally, **BlackBerry** (TSX:BB, NASDAQ:BBRY) Chief Executive John Chen [published in Op-Ed](#) on *CNBC.com* where he outlined the company's strong position and his vision for the future, 'It's been easy for competitors to promote negative stories about BlackBerry focusing on the business of the past.' he wrote, 'But I'm not focused on who BlackBerry used to be—I'm focused on what BlackBerry will be today and in the future.'

In his letter, Mr. Chen highlighted the company's strong cash position and internal talent. He also

emphasised the firm's strength in enterprise security, the company's popular BBM messaging application, and its QNX operating system.

Any investors inspired by Mr. Chen's message should probably give it a sober second thought. As other market commentators have pointed out, we heard this same bull thesis when the stock was at \$20, \$30, or \$40 per share.

But the letter does give us another insight into Mr. Chen's vision for the company. The fact that the Z10 operating system received no mention once again indicates that mobile is not a critical pillar of the company's turnaround strategy. If this firm emerges from the ashes, it likely won't resemble its predecessor.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BHC (Bausch Health Companies Inc.)
2. TSX:CSU (Constellation Software Inc.)

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