



S&P/TSX Lower on Mixed Economic Data

Description

Canadian equity markets started the new year in the red Thursday due to mixed economic reports from China and the euro zone.

The **S&P/TSX Composite Index** (^OSPTX) slipped 27.36 points, or 0.20%, to finished the day at 13,594. The sell-off was broad based with the index only being held up thanks to a strong showing from gold miners. In the United States, the **S&P 500** lost 16.39, or 0.89%.

The interesting takeaway from today's economic data is just how much America is dominating the global recovery.

This morning the U.S. Labour Department reported that the number of Americans seeking unemployment benefits dipped 2,000 last week to a seasonally adjusted 339,000. Applications are a good proxy for layoffs and this report suggests they have stabilized near pre-recession levels, which are consistent with solid hiring.

In addition, the U.S. Institute for Supply Management's Purchasing Managers Index – a barometer of the manufacturing activity in the country – showed a strong expansion. The PMI reading came in at 57 on a 100 point scale, down slightly from 57.3 in November. Any number above 50 indicates an increase in activity.

U.S. economy leading the global recovery

Region	December PMI	November PMI
United States	57.0	57.3
Euro Zone	52.7	51.6

China	50.5	50.8
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In contrast, the recovery has been much slower around the world. The euro zone PMI was confirmed at 52.7 for the month of December as expected. In China, a survey from **HSBC** showed manufacturing expansion is slowing with the country's PMI index reading 50.5 from 50.8 in November. These are anemic growth rates.

All of these reports back up the thesis that the global economic recovery is underway, but it's unevenly distributed. This is great news for the Canadian economy. Given that we're sitting right next to the world's economic growth engine, we should expect to see a big boost in our own manufacturing names.

In corporate news, **TransCanada** (TSX:TRP, NYSE:TRP) announced that it has acquired an additional solar power generation facility in Ontario. The Mississippi Mills project, located just outside Ottawa, has 10 megawatts of generating capacity. The deal is part of an agreement to acquire a total of nine solar power facilities in Ontario from Canadian Solar Solutions.

Shareholders barely noticed. TransCanada finished the day down 0.43% to \$48.33 on light volume suggesting the deal wasn't material. Through it is a good reminder to investors that this company is much more than the infamous Keystone XL pipeline but rather a diversified with many expansion avenues.

Foolish bottom line

Unfortunately, today's selloff wasn't really deep enough to scoop up any bargains. But a few more days like to today could unveil a few good deals. Be sure to prepare your equity shopping list now so you're ready when to pull the trigger when the next selloff occurs.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:TRP (TC Energy Corporation)

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