



## S&P/TSX Flat as Real Estate Market Slows

### Description

Canadian equities were flat on Thursday on a barrage of economic data and corporate earnings reports.

The **S&P/TSX Composite Index** (^OSPTX) finished the day up 14.78 points, or 0.11%, to close at 13,629. In the U.S., the broad-based **Dow Jones Industrial Average** finished 17.98 points lower, or 0.11%, to close the session at 16,444.

There was more evidence on Thursday that Canada's real estate market was starting to slowly. The Canadian Mortgage and Housing Corporation reported housing starts came in at an annual rate of 189,672 units in December, compared with 197,797 in November. That was roughly in line with economist expectations.

Other data from Statistics Canada showed that contractors took out \$6.8 billion worth of building permits in November, down 6.7% from the previous month. Median house prices were also flat month over month.

None of this data is as apocalyptic as the doom and gloomers have been predicting. However, it does add to the list of reasons why the Bank of Canada probably won't increase interest rates any time soon. As a result of these reports, the Canadian dollar traded sharply lower down 0.25% to US\$1.0850 – a fresh four-year low.

U.S. equities were flat as well after a series of important economic releases. The U.S. Labour Department reported that applications for jobless insurance fell 15,000 last week to 330,000.

That was consistent with a solid **ADP** jobs reports Wednesday where the payroll processor announced that the U.S. private sector created 238,000 jobs in December. These solid data points suggest the country's economic recovery is picking up steam.

In corporate news, **Canadian National Railway** (TSX:CNR, NYSE:CNI) shares traded lower for a second straight day on more worries after one of the company's trains carrying propane and crude oil derailed in northern New Brunswick. A spokesperson for CN said that a wheel or axle failure was likely

the cause of the accident, causing a large fire that continues to burn at the time of this writing.

As Fool contributor Matt Dilallo [pointed out in this piece](#), this accident could have implications far beyond CN. After number of recent derailments politicians are under increasing pressure to step up regulations on the industry. And higher costs to transport crude could impact the bottom lines of oil giants like **Suncor** and **Canadian Natural Resources**.

In the oil patch, **Husky Energy** (TSX:HSE, NYSE:HSE) announced that it is moving ahead with two heavy oil projects in Saskatchewan. On Thursday, the Calgary based oil company gave the greenlight on its Edam East and Vawn projects in the Lloydminster regions. Husky shares finished the day down \$0.03 to \$33.19.

It was also a busy days on the earnings front.

**Jean Coutu** (TSX:PJC.A) [released its third quarter earnings](#). On Thursday the Quebec pharmacy chain reported \$0.30 in earnings per share, up 15% year-over-year and two cents higher than analysts' expectations. However increasing competition took a bite out of the top-line with revenue and same-store-sales falling 0.8% and 1.8% year over year. Jean Coutu shares finished the day down \$0.13 to \$18.50.

Finally, Canada's second largest gold miner **Goldcorp** (TSX:G, NYSE:GG) also reported quarterly numbers. The company boosted its gold production for the year but reported a lower long-term outlook and cut the estimated production life of its key Mexico Penasquito mine in Mexico. Despite these weak projections, Goldcorp shares rallied 1.97% to \$24.34.

### **Foolish bottom line**

A busy week for investors will be capped off tomorrow with the release of the all-important monthly job reports. In the U.S. and Canada the street is expecting about 195,000 and 13,000 jobs to be created during the month of December respectively. This will give us an important insight into the strenght of the economic recovery.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)

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