



## Midday Recap: Canadian Equities Higher as Global Economy Heats Up

### Description

Canadian equities continued to advance on Wednesday after the World Bank issued a brighter outlook for the global economy and a collection of strong economic reports.

By 1:00 P.M eastern time, the **S&P/TSX Composite Index** (^OSPTX) had advanced 71.73 points, or 0.52%, to 13,764. In the United States, strong earnings from **Bank of America** ([NYSE:BAC](#)) led the stock market higher. By midday the broad-based **S&P 500** had advanced 8.29 points, or 0.45%.

Lots of encouraging data could be credited for the rally.

First, positive sentiment from the world bank showed that the global economic recovery is picking up momentum. In the biannual Global Economic Prospects report, the bank projects the world economy will expand 3.2% this year – up from 2.4% in 2013. That bodes particularly well for a commodity realent country like Canada.

The New York Federal Reserve Bank also released the findings from its Empire State Manufacturing Survey which showed an unexpected jump in business conditions. The index increased 10 points month-over-month to 12.5, the highest reading in more than a year.

Digging into individual issues, you'd be pretty hard press to find any red on traders' screens today.

Cyclical securities like materials and energy were the best performers led by **Teck Resources** (TSX:TCK.B, NYSE:TCK) and **Agnico Eagle Mines** (TSX:AGM, NYSE:AGM) which were up 2.64% and 2.27% respectively.

Financials were also leading the market higher after lunchtime. **Sunlife Financial** (TSX:SLF, NYSE:SLF) and **Manulife Financial** (TSX:MFC, NYSE:MFC) were the top gainers up 1.46% and 1.34% respectively.

In corporate news, **Osisko Mining** ([TSX:OSK](#)) says a hostile takeover bid for the company by **Goldcorp** (TSX:G, NYSE:GG) is 'very low' and urged shareholders to refrain from accepting the \$2.6 billion offer until the board can formally review the proposal. Osisko shares have traded well above the

\$5.95 implied value of Goldcorp's stock-and-cash offer as the market is anticipating a higher bid.

This will set off an interesting set of negotiations between the two companies. On one hand, Goldcorp's offer is only at a 15% premium to where Osisko closed on Friday – much lower than the 25% to 50% premium we've seen in comparable transactions. On the other hand, other possible suitors are strapped for cash. Goldcorp is the only likely acquirer.

Investors were also impressed with **Magna International's** ([TSX:MG](#)) after the company provided its 2014 guidance. The auto parts manufacturer is forecasting to gross US\$33.8 billion to US\$35.5 billion in revenue and spend US\$1.4 billion in new capital investment during the upcoming year. By midday, Magna shares were up 0.41% to \$92.52.

**Encana** (TSX:ECA, NYSE:ECA) Chief Financial Officer Sherri Brillon also hinted that the company may sell its Deep Panuke natural gas project which sits off the coast of Nova Scotia.

Investors who have been following this company shouldn't be surprised. Management has been clear that they're trying to focus operations around a few core assets around North America and move to a more liquids-rich production mix. This is a logical step in that direction.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:BAC (Bank of America)

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