# Midday Recap: Canadian Equities Flat Amid Bombardier Delays, Nightmares for Railroad Operators, and Big Job Cuts at Sears

## Description

Canadian equities were unchanged midway through Thursday's trading session dragged lower by shares of **Bombardier** (TSX:BBD.B) and railroad issues.



By 1:00 eastern time the **S&P/TSX Composite Index** (^OSPTX) was up 22.32 points, or 0.16%, 13,794. In the U.S., a rash of disappointing earning reports dragged American equities lower. By midday the popular **Dow Jones Industrial Average** was down 72.85 points, or 0.44%.

Bombardier was the weakest member of the large-cap S&P/TSX 60 index after the company announced the delay of its new CSeries aircraft.

The company reported Thursday that the CS100 will not enter service until likely the second half of 2015, while the larger CS300 go go into service six months later. The original timetable projected that the CSeries would be on the tarmac by the end of this year.

Bombardier also announced a firm agreement to sell 16 CS300 aircraft to Saudi Gulf Airlines. The deal is valued at approximately US$1.21 billion and gives the Saudi Arabian airline the option to purchase an addition 10 aircraft.

But this wasn't enough to appease shareholders. Bombardier shares were down 6.19% to $4.24.

Railroads were also a big drag on Canadian indices with **Canadian National Railway** (TSX:CNR, NYSE:CNI) and **Canadian Pacific Railway** (TSX:CP, NYSE:CP) down 1.91% and 1.05% respectively.

This selloff comes a day after CN's safety division told an industry forum that it wants to 'aggressively phase out' older model tank cars that have been implicated in recent accidents.

Investors are worried that updating fleets could cost hundreds of million of dollars. Retrofitting old cars and cost more than $70,000. And a new model is in the low six-figure ballpark.

Obviously the rail industry will face the brunt of this regulatory scrutiny. But investors should be aware of the wide ranging implications this development could have on the energy industry. Higher shipping costs could impact the bottom-lines of energy giants — like **Suncor Energy**, **Canadian Natural Resources**, and **Imperial Oil** — and slow oil sands development.

Finally, **Sears Canada** (TSX:SCC) also announced that its cutting more than 1,600 jobs or more than 7% of its workforce this year as part of an effort to turnaround the struggling retailer.

The company has outsourced some finance positions, technology, and apparel design in a bid to trim its bloated cost structure, has let go 283 employees in its logistics organization, effective immediately. It will lay off another 1,345 over the next nine months from three Ontario and Quebec call centres.

Sears Canada traded higher on the announcement up $0.12 to $13.03.

**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:BBD.B (Bombardier)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:CP (Canadian Pacific Railway)



**Category**

1. Investing

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