



## S&P/TSX down, Loonie Plunges to 4-Year Low

### Description

Canadian equities hit a two and a half year high on Tuesday before selling off later in the session.

The **S&P/TSX Composite Index** (^OSPTX) finished the day down 38.52 points, 0.28%, to 13,951. South of the border a nasty winter storm put a damper on trading volume. The broad based **S&P 500** finished the trading session up 5.10 points, or 0.28%.

The biggest headline of the day was the continued sell-off in the Canadian Dollar. During overnight trading the Loonie hit a four year low against the U.S. Dollar, to US\$1.10.

It's been all bad news for the Canadian dollar in 2014 with the Loonie losing 3% of its value relative to the U.S. Dollar year-to-date. This comes after a series of disappointing Canadian trade and employment reports has raised fears that the Bank of Canada, or BoC, will be forced to hold-off on any interest rate hikes in the foreseeable future.

Foreign exchange traders will be parsing through tomorrow's BoC rate announcement. Dovish commentary could signal that a rate hike is another couple of months down the road which could ramp up selling pressure against the Loonie.

And if all of this sounds like macroeconomic gibberish, you're absolutely right! The dollar's plunge is a fun topic for pundits. It's certainly relevant for travelers and businesses. But it has almost nothing to do with finding wonderful businesses at reasonable prices.

A number of years ago billionaire investor Warren Buffett summed it up best, 'If Fed Chairman Alan Greenspan were to whisper to me what his monetary policy would be over the next two years, it wouldn't change one thing I do.'

I'm inclined to follow Buffett's example. Five years ago the talk was of a U.S. dollar collapse. Today the Loonie is out of style. Over the long run these fluctuations tend to even out.

On the corporate front, however, there were plenty of items for investors to digest.

**Agrium** (TSX:AGU, NYSE:AGU) updated its fourth quarter earnings guidance after the close yesterday. Management expects profits to come in at the bottom end of its previous estimates – between US\$0.80 to US\$1.25 per diluted share.

The weaker than expected guidance was blamed on lower than expected selling prices for wholesale nutrients as well as lower than expected volumes for ammonium nitrates and domestic potash supplies. Sales were also negatively impacted by rail transit problems. Agrium shares finished the trading session down 1.27% to \$103.04

**Bombardier** ([TSX:BBD.B](#)) shares also down sharply for the fourth straight trading session. On Tuesday the company announced that it plans to lay off 1,700 workers from its aerospace division – roughly 6% of this division's workforce.

This comes after Bombardier delayed its C-series aircraft last week and week orders for other aircraft have put pressure on the company's cash reserves. Shares of Bombardier were down 3.65% to \$3.96.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)

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