



S&P/TSX Composite Index Set to Close Strong in January

Description

Canadian equities are off to a good start in 2014, with indices on track to post a gain during the month of January.

As of 7:00 am Eastern Time, S&P/TSX Composite Index (^OSPTX) futures were trading roughly flat. Before the bell in the U.S., Dow Jones Industrial Average futures were sharply lower down 118, or 0.85%.

For the month of January, the commodity heavy S&P/TSX Composite index is poised to post a gain of 1% — a solid performance relative to its American counterparts. In the U.S., the broad based S&P 500 and Dow Jones Industrial Average are off 2.1% and 3.7% respectively year-to-date.

Investors will have to shift through plenty of economic data when trading commences on Friday.

International equities were trading lower after new economic data revealed that Eurozone inflation unexpectedly fell during the month of January and the unemployment rate remains stubbornly high at 12%. These reports dashed hopes that the continent's economic recovery was starting to gain momentum.

Heading into the trading day investors are waiting on the release of Canada's monthly gross domestic product report which is due out at 8:30 a.m. Eastern Time. According to estimates compiled by Bloomberg, analysts expect the economy to have grown 2.6% year-over-year during the month of November, versus 2.7% during the same time period last year.

Markets are also waiting on the U.S. Commerce Department to release its monthly report on personal income and spending which is due out this morning.

Investors will also have to digest a flood of corporate news released overnight.

Canadian National Railway (TSX:CNR, NYSE:CNI) reported that revenues for the three months ended December 31 rose by 8% driven by strong gain in freight traffic for petroleum, chemicals and metals. However, higher costs offsetted most of those gains.

Cold winter weather hampered much of the company's operations forcing railway to run shorter trains as well as pay more for fuel and labour. During the conference call executives admitted that poor weather in January could impact results again in the first quarter of 2014.

Canadian Oil Sands (TSX:COS) also reported disappointing results after the close on Thursday. During the fourth quarter the largest shareholder in the massive Syncrude Canada oil sands joint venture earned \$834 million, down from \$973 million during the same period last year. Higher taxes were responsible for offsetting higher heavy oil prices and production gains.

Finally, the National Energy Board is recommending the federal government approve an Enbridge (TSX:ENB, NYSE:ENB) pipeline that will connect two major Canadian oil hubs. The 180 kilometre line would connect Edmonton to Hardisty, Alberta. According to estimates provided by Enbridge, the pipeline will have an initial capacity of 570,000 barrels of oil per day and cost an estimated \$1.8 billion to construct.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CNR (Canadian National Railway Company)
2. TSX:ENB (Enbridge Inc.)

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