



S&P/TSX Set for Flat Open Ahead of Earnings Deluge

Description

Canadian equities are set for a flat open heading into Monday's trading session.

As of 7:30 a.m. Eastern Time, futures for the **S&P/TSX Composite Index** (^OSPTX) were trading slightly higher before the opening bell. In the U.S., traders were still nursing their post-Superbowl hangovers. Futures for the **Dow Jones Industrial Average** were trading off 36 points, or 0.16%.

It's expected to be a light news day on the economic front. The Institute for Supply Management will publish its monthly manufacturing index at 10:00 a.m. ET. At the same time, the U.S. Census Bureau will also release its monthly report on construction spending.

Overnight, weak economic data from emerging markets continued to rattle international equity markets.

Traders in Asia were cautious after the release of weak Chinese manufacturing data. Most Asian exchanges were closed for the lunar new year. However, those opened for trading finished the session sharply lower, with the Nikkei in Japan off by more than 2%.

European equity indices were also weaker in early trading despite solid manufacturing data. Eurozone manufacturing activity hit a 32-month high in January, driven by economic powerhouse Germany. Notably Greece posted its first expansion in manufacturing activity in over four years.

Despite the light news flow this morning, investors should prepare themselves for a deluge of corporate earning reports scheduled for the upcoming week.

Energy producers **Suncor Energy** (TSX:SU, NYSE:SU) and **Husky Energy** (TSX:HSE) are set to release some of the first results from the Canadian oil patch.

Analysts are expecting generally good numbers from the country's major energy names as oil prices held steady in the upper US\$90 per barrel range through the end of last year. The discount for Canadian Western Select — a benchmark for oil sands bitumen prices — versus West Texas Intermediate also narrowed to less than US\$20 per barrel.

Investors will also be watching the quarterly numbers from **Air Canada** (TSX:AC.B) and **Westjet** (TSX:WJA) which are set to report earnings on Tuesday. Last week share prices for both Canadian airlines plunged over concerns about the impact of a falling Canadian dollar.

The Loonie lost about 5% of its value relative to the U.S. dollar during the month of January alone falling below the US\$0.90 level. For the airlines fuel and other costs are paid in U.S. dollars, although some of these factors are hedged to protect against fluctuations.

The major economic data for the week comes out on Friday with the release of the U.S. and Canadian jobs reports.

Last month Canada's jobs report shocked investors after the economy purged 44,000 positions during the month of December. But investors are hoping for a bit of a rebound. The street is expecting 18,000 jobs created in January.

Investors also have high hopes for better data south of the border. Last month the U.S. economy generated less than 80,000 new jobs in December thanks to harsh winter weather. But the market is estimating that about 190,000 were created in January.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

Category

1. Investing

Date

2025/07/06

Date Created

2014/02/03

Author

rbailieul

default watermark

default watermark