



S&P/TSX Set For Flat Open Ahead of a Flood of Earnings Reports

Description

Are you still digging yourself out of yesterday's record breaking snowfall? I'm sorry folks. There're no snow days for investors. The market is getting ready for a flood of corporate earnings and economic reports on Thursday. Here're the three things you need to know before the opening bell.

1) No news is good news in emerging markets

Investors are once again testing the waters in emerging markets. Relative calm in the developing economies like India, Argentina, Turkey, and South Africa lifted equities in developing economies. This has helped emerging market indices bounced off their five-month lows while the South African rand and the Turkish lira traded above recent lows.

North American stock markets are set to open slightly higher on Thursday. As of 8:00 a.m. EST, futures for the **S&P/TSX Composite Index** (^OSPTX) were trading marginally higher before the opening bell. In United States equities were faring slightly better. Futures for the large-cap **Dow Jones Industrial Average** were trading up 68 points, or 0.44%.

2) Brace yourself for another round of earnings reports

Get ready for another deluge of corporate earning reports.

BCE ([TSX:BCE](#)), kicked things off posting a quarterly adjusted net earnings of \$495 million or \$0.64 cents share, down from \$666 million, or \$0.86 per share, from the same reporting period last year. The company credited much of the year-over-year decrease in net earnings to one-time accounting gains in 2012. BCE also announced a \$0.14 per share increase in its annual common share dividend to \$2.47.

General Motors (TSX:GMM.U, NYSE:GM) is expected to report considerably stronger fourth-quarter and full-year revenue and profit numbers thanks to rising sales in the U.S. and China. According to surveys by *Thomson Reuters*, the world's third-largest automaker is expected to post a fourth-quarter net income of \$1.49 billion or \$0.89 per share, compared to \$892 million or \$0.54 cents per share during the same reporting period in 2012. In particular, investors will be watching the strength of the company's Chinese division for clues regarding the strength of the country's economy.

Finally, utility company **Fortis** ([TSX:FTS](#)) is set to report its year-end results on Thursday. The street is expecting the company's fourth quarter adjusted earnings per share to come in at \$0.47, versus \$0.45 from the same period last year.

Fortis recently announced a US\$4.3 billion takeover bid for the Arizona-based UNS Energy. At a 30% premium to the market price, this acquisition looks pricy. Investors are hoping Fortis hasn't overpay for this acquisition, which

may impact the company's ability to sustain its four decade track record of growing dividend payments.

3) CN union strike averted

Put away the acoustic guitar because here will be no Woody Guthrie tunes played on the picket lines this weekend. **CN Rail** (TSX:CNR, NYSE:CNI) and the Teamsters union have reached a tentative contract agreement, averting a potential strike.

On Tuesday, the union which represents 3,000 conductors, train employees and yard workers, rejected a tentative contract reached last fall with CN. The disagreement could have resulted in the union taking a strike action as early as this weekend.

However, on Wednesday both sides said that they have reach tentative deal to avert a potential weekend strike. The details of the three-year contract won't be released until it is ratified by union members. Regardless, this development is likely big relief for investors.

Foolish bottom line

The next few days are also expected to be busy on the economic news front. At 10:00 a.m EST, investors will be turning their attention to the Canadian Ivey purchasing manager index which is a good barometer of economic activity in the country. Economists expect a slight expansion with a reading of 51.0, up from last month.

Tomorrow investors are looking for Friday's all important U.S. jobs report. According to economists surveyed by *Reuters*, Friday's data is expected to show that employers added 185,000 jobs in January.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:GM (General Motors Company)
2. TSX:BCE (BCE Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:FTS (Fortis Inc.)

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