

# TSX hits new high on strong earnings reports

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A strong earnings report from Canadian National Railway helped push the Toronto stock market to a fresh record high close Tuesday as traders put geopolitical concerns aside for the moment and concentrated on the health of corporate North America.

The S&P/TSX composite index gained 65.14 points to 15,315.13.

Canadian National Railway beat expectations as its [second-quarter profit increased 18 per cent to \\$847 million](#), while revenues rose 17 per cent to a record \$3.12 billion.

Adjusted profit amounted to \$1.03 per diluted share, three cents above analyst forecasts, when it reported results on Monday after markets closed. CN also delivered a strong outlook and its shares ran up \$1.44 to \$74.39 after earlier hitting a new 52-week high of \$74.83.



"(CN and [Canadian Pacific](#)) are at high multiples now, they're expensive but with the quality and overall growth profile, we still think they're a great place to be. We own both of them," said Ben Jang, portfolio manager at Nicola Wealth Management in Vancouver.

Other big Canadian corporations reporting earnings this week include mining giant Teck Resources, telecom Rogers Communications and grocer Loblaw Cos. Ltd., all on Thursday.

The TSX has been in record territory for more than a month after finally breaking through the benchmark it last set in 2008.

The Canadian dollar was down 0.06 of a cent to 93.14 cents US.

## U.S. inflation numbers encouraging

New York markets also advanced amid data showing tame inflation.

The Dow Jones industrial was up 61.81 points to 17,113.54 as the U.S. Labor Department's consumer price index rose 0.3 per cent in June, which matched expectations. That was good news for investors as a higher reading would have raised a fresh round of concerns about when the Federal Reserve might decide to start hiking rates.

The Nasdaq rose 31.32 points to 4,456.02 and the S&P 500 index gained 9.9 points to 1,983.53. It soared into record territory at mid-day and backed off at the close.

Traders continued to consider the impact of potentially tighter economic sanctions against Russia for its support of Ukrainian rebel militias accused of shooting down a Malaysian airliner last week.

The European Union agreed Tuesday to expand a list of Russian organizations and individuals subject to asset freezes and travel bans. It also threatened to target vast sectors of the Russian economy if Moscow did not act swiftly to rein in the rebels.

## Sanctions will hurt

But the EU stopped well short of moving to jump quickly to so-called Phase 3 sanctions that could [cripple the Russian economy](#), but also impact the fragile recovery in Europe.

"Those are the type of sanctions that would definitely hurt their economy and what it would mean is a curtailment of energy exports from Russia into Europe as well, which would definitely stall the European recovery," Jang said.

Elsewhere on the earnings front, Microsoft reported after the close that quarterly revenue came in at US\$23.38 billion, beating expectations of \$23 billion. Earnings per share excluding one time items were 58 cents versus expectations of 60 cents and its shares were off 0.5 per cent in after-hours trading.

The metals and mining sector led TSX advancers, up 1.2 per cent, while September copper rose one cent to US\$3.21 a pound.

The energy sector climbed 0.91 per cent even as September crude on the New York Mercantile Exchange slipped 47 cents to US\$102.39.

The gold sector was the major decliner, down about 1.15 per cent as August bullion fell \$7.60 to US\$1,306.30 an ounce.

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