

## At midday: TSX falls on lower oil, metal prices; Couche-Tard jumps on U.S. chain deal

Written by Logan Drilling Group

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Canada's main stock index fell on Monday as lower oil and metal prices weighed on energy and mining stocks, while Alimentation Couche-Tard Inc jumped after the convenience store operator bought a U.S. chain in an expansion move.

The energy group retreated 1.2 per cent, with oil prices falling as China ramped up exports of refined products, U.S. oil producers added rigs for an eighth straight week and prospects emerged for increased exports from Iraq and Nigeria.

Canadian Natural Resources fell 1.5 per cent to \$41.15 and Suncor Energy Inc lost 0.7 per cent to \$36.28.

The materials group, which includes precious and base metal miners and fertilizer companies, lost 1.2 per cent, as gold hit a two-week low and copper fell to its lowest in five weeks.

Barrick Gold Corp fell 1.4 per cent to \$26.10 and Goldcorp Inc shed 1.9 per cent to \$23.12, while diversified miner Teck Resources Ltd lost 1.7 per cent to \$19.97.

At 11:45 a.m. EDT, the Toronto Stock Exchange's S&P/TSX composite index was down 2.21 points, or 0.02 per cent, to 14,685.425.

Decliners were outnumbering gainers by around 3-to-1 and eight of the index's 10 main groups were in negative territory, with consumer staples and health care sectors boosted by big moves

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in single stocks.

Couche-Tard jumped 6.8 per cent to \$66.35 after the convenience store operator said it would buy U.S. chain CST Brands Inc in a roughly \$4.4-billion deal.

Couche-Tard also said it would sell some Canadian CST assets to Parkland Fuel Corp, whose shares rose 12.1 per cent to \$28.30.

Valeant Pharmaceuticals International Inc advanced 6.1 per cent to \$39.21 after naming a new chief financial officer.

The financials group slipped 0.5 per cent, just ahead of the start of earnings season for the country's biggest banks.

Industrials fell 0.4 per cent, while technology stocks lost 0.5 per cent.

Canadian wholesale trade increased by 0.7 per cent in June from May, the third consecutive monthly gain, Statistics Canada said.

Declining issues outnumbered advancing ones on the TSX by 179 to 57, for a 3.14-to-1 ratio on the downside.

The index was posting 4 new 52-week highs and 2 new lows.

The loonie fell against the U.S. dollar in late morning trading today as stock markets turned negative after a positive start.

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The Canadian dollar was at 77.19 cents US, down 0.59 of a cent from Friday's close.

Wall Street was lower on Monday as oil prices fell and investors remained cautious ahead of Federal Reserve Chair Janet Yellen's speech this week.

With the earnings season coming to an end, investor focus will shift to Yellen's speech on Friday at the annual central bankers' meeting in Jackson Hole, Wyoming to see whether the Fed is keen on raising interest rates in the coming months.

The case for an imminent rate hike was strengthened by Fed Vice Chairman Stanley Fischer's comments that the U.S. economy was close to hitting job and inflation targets.

Traders have priced in an 18 per cent chance of a rate hike for September, up from 12 per cent odds seen on Friday. That measure rose to 40.6 per cent for December from 39.1 per cent, according to the CME Group's FedWatch tool.

Oil prices fell more than 2 per cent, retreating from last week's two-month highs, on worries about burgeoning Chinese fuel exports, more Iraqi and Nigerian crude shipments and a rising U.S. oil rig count. [O/R] "This morning's action is predicated on the perception of what's going to happen in Jackson Hole as well with the weakness in oil prices which have had an impressive run in recent weeks," said Andre Bakhos, managing director at Janlyn Capital LLC in Bernardsville, New Jersey.

Investor sentiment was earlier boosted by a couple of multi-billion dollar deals on Monday, including Pfizer's \$14-billion acquisition of cancer drug maker Medivation.

Medivation's shares jumped nearly 20 per cent, while Dow component Pfizer rose 0.6 per cent.

At 11:27 a.m. ET, the Dow Jones industrial average was down 52.94 points, or 0.29 per cent, at 18,499.63.

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The S&P 500 was down 5.54 points, or 0.25 per cent, at 2,178.33.

The Nasdaq Composite was down 8.37 points, or 0.16 per cent, at 5,230.01.

Eight of the 10 major S&P 500 indexes were lower, with the energy index falling the most by 1.06 per cent, followed by a 0.58 per cent decline in materials.

Syngenta's U.S.-listed shares rose nearly 10.5 per cent after a U.S. national security panel cleared ChemChina's \$43-billion takeover of the Swiss pesticides and seeds group.

Chipmaker Intersil jumped 20.4 per cent \$18.83 after a source told Reuters that Japan's Renesas was in the final stages of negotiations to acquire the company for about \$2.99-billion.

Declining issues outnumbered advancing ones on the NYSE by 1,853 to 992. On the Nasdaq, 1,460 issues fell and 1,217.

The S&P 500 index showed 11 new 52-week highs and no new lows, while the Nasdaq recorded 81 new highs and 15 new lows.

*With a report from Canadian Press*

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