



Potash, Teck Resources Hold the TSX Back

Description

A day that began so poorly didn't turn out too badly after all. A weaker than expected Chinese manufacturing number and nervousness over what the Fed had to say on Wednesday had markets around the world in a skittish state earlier today. And after opening down, the U.S. (at least the Dow) was in fact able to rise above the global action and briefly crossed into positive territory during the afternoon session, although markets south of the border still finished in the red.

The Canadian market stayed down all day with the **S&P/TSX Composite** (INDEX: ^GSPTSE) finishing down 94 points or 0.7%. Given our correlation with Chinese economic stats, it could have been worse.

Pinning the TSX down were two resource heavyweights. **Potash Corp.** (TSX:POT) was the leading detractor as the stock fell 2.1% with **Teck Resources** (TSX:TCK.B) and its 4.3% decline close on its heels. Both were potentially victims of the weak Chinese manufacturing data, although Teck has the more explicit link.

The big names that helped hold the market in on this day were **Encana Corp.** (TSX:ECA) and **Kinross** (TSX:K). Yes, Kinross, one of those gold companies the market loves to hate! Encana finished up 1.8% on the day as the price of natural gas was strong. NYMEX Natural Gas climbed 1.6% to finish at \$4.25/MMBtu. And Kinross, up 1.9%, was part of a collection of gold names that finished the day in the green. A 1.6% gain from the commodity provided a tail wind for this group.

Once again resource stocks dictated the Canadian market's performance. Because of their heavyweights in the TSX, these stocks can be lethal for investors that think they are protected with an index fund or ETF linked to the S&P/TSX Composite Index.

We have prepared a [Special FREE Report](#) that will clue you into the perils of investing in this kind of product and suggests an easy to implement alternative strategy. It's called "**5 Stocks That Should Replace Your Canadian Index Fund**" and you can receive a copy at no charge – just by [clicking here](#).

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Fool contributor Iain Butler is short \$40 July 2013 put options on Potash, \$26 August 2013 put options on Teck, and is also long shares of both. The Motley Fool doesn't own shares in any of the companies mentioned.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:K (Kinross Gold Corporation)
2. TSX:TECK.B (Teck Resources Limited)

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Date

2025/09/12

Date Created

2013/05/23

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