



## Canadian Stocks Fall, led by Valeant Pharmaceuticals

### Description

Unlike our neighbors to the south, the **S&P/TSX Composite Index** (INDEX: ^GSPTSE) was unable to muster enough of a late-day rally to finish the day in the green. The Canadian market closed down 40.6 points or -0.3% to start off this first week of June. Sort of appropriate given that's about what the outdoor temperature did today as well, at least in this part of the country.

**Valeant Pharmaceuticals** (TSX:VRX) was the biggest drag on the Canadian index today, as the stock fell 4.9%, seemingly on no news. Valeant has telegraphed that it's going to issue equity to finance its [recent purchase of Bausch + Lomb](#), and therefore, today's sell-off could be a result of institutions shorting the stock, hoping to buy it back at a cheaper price through the equity offering.

Also falling on no apparent news was **Potash** (TSX:POT). The stock was down 2.3% and was the second largest contributor to today's decline.

On the back of a downgrade by Goldman Sachs, **Canadian Natural Resources** ([TSX:CNQ](#)) and its 2.2% decline was another negative contributor. Goldman took their target from \$33 to \$28 due to its concerns over the price of oil that CNQ is likely to receive over the 2014/15 periods. [B.C.'s decision to decline Enbridge's Northern Gateway pipeline](#) was a potential catalyst for Goldman's move.

Finally, **CP Rail's** ([TSX:CP](#)) stock fell 1.7% on Monday. This move down was potentially the result of a container train derailment over the weekend in NW Ontario. The stock is down even more in after-hours trade as well after Pershing Square, Bill Ackman's firm, has disclosed its intent to sell up to 7 million of the CP shares that it owns. CP represents 26% of Pershing Square's combined assets and they'd like to trim this exposure.

### Foolish Takeaway

Once again resource oriented stocks played a significant role in today's market performance. Because of their heavy-weights 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 and long Potash shares. The Motley Fool doesn't own shares in any of the companies mentioned.*

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. TSX:BHC (Bausch Health Companies Inc.)
2. TSX:CNQ (Canadian Natural Resources Limited)
3. TSX:CP (Canadian Pacific Railway)

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