



Goldcorp, Barrick Sink the S&P/TSX Composite

Description

On a day that saw tremendous market strength in the U.S., the Canadian market just couldn't keep up – thanks gold.

Even though Canadian employment numbers indicated May was the 2nd best job creating month in this country's history, the **S&P/TSX Composite** (^GSPTSE) still declined by 0.3% on Friday. Another indication that Canadian economic figures seldom (never?) move markets. The U.S. is another story.

The 175,000 nonfarm payrolls added south of the border in May was better than the 165,000 expected. Market participants interpreted this result as a possible indication that the Fed may scale back its stimulus efforts sooner rather than later.

Less Fed means the economy is more stable and able to fend for itself, which is bad for gold. The commodity took it on the chin today with the spot price falling 2.4% to US\$1,379.27/oz. Silver was also off significantly, registering a 4.7% spot decline to close at US\$21.60/oz.

Naturally, these commodity declines were met by outsized selling in the Canadian market's gold space. **Goldcorp** (TSX:G), with its decline of 5.1%, was the biggest drag on today's market. **Barrick** ([TSX:ABX](#)) was close on its heels, falling by 4.9%. The sector's declines however were hardly limited to the Big 2. **Yamana** ([TSX:YRI](#)) and **Agnico-Eagle** ([TSX:AEM](#)), both more mid-tier producers, were down 5.3% and 7.4% respectively.

After plunging in April, the gold space seemed to have found a bottom in recent weeks. Today's action however has investors wondering if this apparent bottom might turn out to be nothing more than a pause.

Foolish Takeaway

Once again resource companies dictated today's Canadian market performance. Because of their heavy-weight in the TSX, resource stocks could have an unfortunate influence over the long-term returns achieved by those 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 these index reliant products 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 \$14 June 2013 puts on Yamana, \$32 July 2013 puts on Goldcorp and long shares of Barrick and Yamana. The Motley Fool doesn't own shares in any of the companies mentioned.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ABX (Barrick Mining)
2. TSX:AEM (Agnico Eagle Mines Limited)
3. TSX:YRI (Yamana Gold)

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