



Strong Materials Stocks Not Enough to Lift the S&P/TSX Composite

Description

The day began with news out of China that the country's Premier, Li Keqiang, will not allow GDP growth to dip below 7%. These remarks however were in contrast to the Finance Minister's indication a few weeks ago that GDP growth of 6.5% is perfectly acceptable. Nevertheless, resource related stocks had another great day because of this news. However, even though good news out of China is typically good for Canada, the **S&P/TSX Composite** (^GPTSE) still ended the day in the red, falling 13 points or -0.10%.

CN Rail ([TSX:CNR](#)) and its 3.2% decline was the biggest drag on today's Canadian market. The company reported quarterly results after last night's close, and even though it "beat" expectations, much of this beat was due to lower taxes and other non-operating factors. The company also guided to a weaker than expected Q3. These tempered expectations were not very well received by CN's shareholders.

As indicated, helping to offset CN's impact were stocks tied to the Materials sector. **First Quantum** ([TSX:FM](#)) and its gain of 6.6% was the biggest positive contributor on the day. First Quantum is a sizeable copper producer and copper prices were buoyed by the news out of China. The 3-month forward contract rose 1.6% on the day.

Copper wasn't the only metal that made a move. Spot gold also climbed a shade more that \$7/oz to finish at close to \$1,343/oz. This provided a tail wind for two more of today's big positive contributors – **Goldcorp** (TSX:G) and **Barrick Gold** ([TSX:ABX](#)). Each stock booked a gain of 2.4% on the day. Goldcorp and Barrick owners are eagerly awaiting tomorrow's earnings report out of [Agnico-Eagle](#), as it is likely to signal just how bad (or good) goldland really is right now.

Foolish Takeaway

Once again, resources had a significant impact on our market's performance. Because of their heavy-weightings in the TSX, these stocks can be harmful for those investors that think they are well-diversified 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 passively investing in the

Canadian index and suggests an easy to implement alternative strategy. The report is called “**5 Stocks That Should Replace Your Canadian Index Fund**”. One of these 5 is in the process of being taken over at a huge premium. You can find out who the remaining 4 are simply by [clicking here](#).

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Fool contributor Iain Butler is owns shares in Barrick Gold and Goldcorp. David Gardner owns shares of CN Rail. 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:CNR (Canadian National Railway Company)
3. TSX:FM (First Quantum Minerals Ltd.)

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