



## Gold Roils the S&P/TSX Composite Index, Again

### Description

The all Fed, all the time market returned on Tuesday as comments out of two Fed Presidents had market participants somewhat bent out of shape.

In a speech on Monday, Dallas Fed President Fisher indicated that the Fed is getting close to slowing its pace of monetary stimulus.

Today, these sentiments were echoed by Chicago Fed President Charles Evans. Evans isn't ruling out a September decision to taper the central bank's bond-buying program. And then he went one step further, saying that the Fed is likely to end its \$85 billion bond buying program by mid-2014.

Talk about a game of chicken! Economic numbers are improving, earnings have been good (for the most part), and according to the historical playbook, all signs indicate that it's time for the monetary stimulus filled punch bowl to disappear. However, any indication that the Fed may step back is being met with billions of dollars' worth of losses in the equity market.

It's going to take one strong willed Governor to preside over the sharp decline that is bound to occur in the market when the bullet is finally bitten.

### Market action

Guess which sectors took these comments especially hard?

Oh, just two of the biggest in the Canadian market.

On a day when a lot of stocks were down, energy and especially gold stocks returned from the long weekend angry, helping to send the **S&P/TSX Composite Index** (^GSPTSE) down 133.9 points or 1.1%.

U.S. markets, as measured by the S&P 500 and Dow Jones Industrial Average, though less influenced by these two sectors, also declined by 0.6% each.

Once again, perched atop the list of daily biggest drags on the Canadian market were **Goldcorp** (TSX:G) and **Barrick Gold** ([TSX:ABX](#)). As spot gold tumbled by more than \$20/oz or 1.6%, both stocks were down by more than 6%.

After gold and gold related stocks tanked earlier this year on speculation that the Fed would soon be stepping away, Governor Bernanke managed to calm market participants in July, leading to a +7% rally over the course of the month. With today's decline, this gain has virtually been erased and the stocks are once again approaching their 52-week lows.

With oil also pulling back because of the Fed oriented comments, **Canadian Natural Resources** ([TSX:CNQ](#)) was another sizeable contributor to today's pull back. The stock declined 2.1% as the price of WTI oil fell to \$105.44, down 1% from yesterday's close.

### Today's big winner – BlackBerry!

Trying to counteract these big resource oriented moves was a stock that's no stranger to big losses – **BlackBerry** ([TSX:BB](#)). Canada's former tech kingpin, with a gain of 6.9%, made a rare appearance as the top positive contributor in today's market.

BlackBerry's Canadian listed shares were actually playing a game of catch-up after moving higher yesterday in the U.S. Canada's market was of course closed.

The reason for yesterday's move was potentially the announcement by Samsung that BlackBerry's messenger service (BBM) will soon be available via Google Play and in the Samsung App store for customers across Africa.

### Foolish Takeaway

Once again, resource related companies 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 owns shares in Barrick Gold. The Motley Fool doesn't own shares in any of the companies mentioned.*

### CATEGORY

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1. Investing

## **TICKERS GLOBAL**

1. TSX:ABX (Barrick Mining)
2. TSX:BB (BlackBerry)
3. TSX:CNQ (Canadian Natural Resources Limited)

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1. Investing

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