



## S&P/TSX Composite Gains Because Of Gold Miners

### Description

The **S&P/TSX Composite Index** (^GSPTSE) rose a meager 12 points on Tuesday, helped by surging bullion and gold miner share prices. South of the border, equities traded lower with the **S&P 500** and the **Dow Jones Industrial Average** down 0.32% and 0.33%, respectively.

Despite the sideways trading, there was plenty of action amongst some individual names. Shares of **Barrick Gold** (TSX: ABX, NYSE: ABX) jumped 5.44% to \$17.91 per share and **Goldcorp** (TSX: G, NYSE: GG) spiked 3.04% to \$23.08.

Always one with an answer, the financial media attributed Barrick's gains to the company's \$3 billion equity offering and recent boardroom shakeup. Even though these announcements were made last week.

But instead of trying to explain the price action, let's consider what this might mean for shareholders.

First, John Thornton's appointment to be the next chairman isn't great. Given his close relationship with former Chairman Peter Munk, it's not clear if Barrick will abandon its aggressive expansion policies – a move favoured by investors.

However, the appointment of Ned Goodman to the board is an interesting choice. Mr. Goodman brings decades of operating experience to the boardroom. Something that it has been sorely lacking.

Overall, the battle for Barrick's boardroom is far from over. Shareholders are still disgruntled with the company's decisions and aren't convinced that business is being managed in their best interests. However, the recent developments are encouraging.

In another headline, noted bear David Rosenberg has given up on the Canadian Dollar. In a research note to clients, Rosenberg points out that inflation in Canada is running at 0.7% – well below the Bank of Canada's 2% target. This pretty well keeps any rate hike off the table as well as any catalysts for a higher Loonie.

Mr. Rosenberg's prediction is just one of many new calls against the Canadian dollar. Earlier this

month, **Goldman Sachs** recommended shorting the Loonie citing a growing current accounts deficit and tapering monetary policy from the U.S. Federal Reserve. The investment bank predicted that the Loonie could fall as much as U.S. \$0.88.

How are we taking this at Fool HQ? Frankly we hardly noticed. While currency fluctuations certainly impact our portfolios day-to-day, over the long run these usually wash out. In relation to the returns generated by owning wonderful American business – like **Coca-Cola**, **Procter and Gamble**, and **ExxonMobil** – exchange rate volatility is relatively insignificant. So while bold economic predictions are certainly interesting, we've found identifying great companies to be a far more lucrative pursuit.

## CATEGORY

1. Investing

## TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)

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