



## 3 Things to Watch on the TSX Index on Thursday

### Description

The Bank of Canada held its key interest rate steady at 1.75% on Wednesday, while Jerome Powell, the head of the Federal Reserve, hinted at a rate cut.

He also told Congress in his quarterly meeting that he wouldn't quit his job if asked to do so by President Trump. Investors can expect potential fireworks between the two men in the months to come.

Here's what to watch on the TSX on Thursday.

## Finger-pointing over Bombardier

The Ontario Tories and Federal Liberals have begun the blame game when it comes to the imminent loss of 550 jobs (about 30% of its total workforce) at the **Bombardier** ([TSX:BBD.B](#)) railway car plant in Thunder Bay, Ontario.

The reason for the layoffs: Bombardier's two contracts with the Toronto Transit Commission and Metrolinx GO Transit come to an end in 2020, leaving a massive hole in its capacity, making the cuts necessary. Also, Bombardier blames the "Buy America" provisions put in place by the Trump administration have made securing contracts with U.S. customers more difficult.

Bombardier will also lay off 87 people in its railway car plant north of Quebec City, reducing its workforce there by 20%.

The political nature of the railway car business is another reminder of why only aggressive investors should consider Bombardier's stock.

## Legal cannabis failing to meet a reasonable price point

I've never believed the dried flower was the real opportunity in cannabis, and the latest statistic from Stats Canada bears this out.

According to the federal government's statistics branch, black market cannabis is up to 80% cheaper than the stuff supplied by some of Canada's legal pot providers. A gram of illegal pot cost an average of \$5.93 in the second quarter, \$0.30 cheaper than in the first quarter and \$0.58 cheaper than a year earlier.

The average cost of a gram of legal weed? \$10.65 — \$0.44 higher than in the first quarter and \$0.83 higher than a year earlier.

A full 27% of those purchasing illegal weed did so because of the prohibitive cost of the legal stuff.

Canadian pot producers better hope edibles and cannabis-infused drinks are more reasonably priced or the great cannabis gold rush will be over in a hurry.

## The Bay to get valued

**Hudson's Bay's** (TSX:HBC) special committee announced Wednesday that it had hired TD Securities to provide a formal independent valuation of its common shares. The special committee was established by the board to evaluate the June 10 offer by certain HBC shareholders including Executive Chairman Richard Baker to take the company private.

In recent weeks, other investors have protested the lowball price offered for the company's shares. It did not say how long the independent valuation would take.

Stay tuned for more news on this controversial privatization move.

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washworth

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