



TSX Last Week: Crucial COVID-19 Impacts

Description

Overall, the **Toronto Stock Exchange** seems to be doing much better than where it was in March 2020. Canadian economic data looks promising after the country implemented numerous emergency stimulus measures.

[The Canadian Emergency Response Benefit](#) (CERB) from the Canada Revenue Agency (CRA) has done well to keep the economy afloat during restrictive COVID-19 measures to slow infection rates.

Canadian investors watched energy stocks on the **TSX** this week. Oil prices dropped in response to rising U.S. oil inventories.

Soaring COVID-19 infection rates didn't help the situation. The United States now has the highest rate of new COVID-19 cases in the world. On average, the country is gaining 2,600 new cases every hour.

Countries including Canada either have or are discussing the possibility of strict travel restrictions on U.S. citizens.

U.S. crude oil prices fell by 0.7% per barrel, while Brent crude prices dropped by 0.8%.

Bad politics boost gold prices

Bad global politics is good for gold prices, which are already up this year. [Gold prices rose](#) as political tension between the United States and China escalated. President Donald Trump forced the closure of China's consulate in Houston, Texas.

As one of the biggest losers on Thursday, **Ballard Power Systems** stock responded to developments in China with an 8.5% drop in price.

This TSX clean fuel cell stock lost momentum on news that **Linde** signed a memorandum of understanding with China National Offshore Oil Corporation (CNOOC). Linde will help CNOOC develop the hydrogen energy industry in China.

Shareholders of Ballard Power Systems didn't appreciate news of formidable competition.

TSX stocks to avoid

Miner Teck Resources Ltd reported an 82% decline in adjusted profit for the second quarter. Both prices and demand for its copper, zinc and coking coal fell during the pandemic.

Miner Teck joins the list of mining resource firms that have suspended construction projects and cut production. An under-construction mine in Chile is now behind schedule due to COVID-19 concerns, which will impact the net present value of the project and its value to shareholders.

Cenovus Energy Inc also announced a loss for the second quarter. Nonetheless, the TSX oil and gas producer believes that the worst is over for the industry.

CEO Alex Pourbaix commented in a press release on Thursday:

"We view the second quarter as a period of transition, with April as the low point of the downturn and the first signs of recovery taking hold in May and June. That said, we expect the commodity price environment to remain volatile for some time."

Oil and gas demand has faltered during the COVID-19 pandemic. While this might be great for the environment, oil profits, especially in North America, are suffering.

TSX stocks to watch

On Wednesday, **Suncor Energy Inc** disappointed shareholders with a much larger loss last quarter. This company gained investment from Saudi Arabia's sovereign wealth fund this year. Despite the optimism from one of Canada's biggest oil competitors, Suncor still couldn't escape the impacts of a decline in global demand for oil.

5G technology has looked like one of the best investments for 2019 and 2020 on the TSX. Still, shareholders are disappointed with the turnout after COVID-19 restrictions harmed the bottom line. Not only was wireless service demand lower than expected, but Canada had to cancel some favourite sporting events due to the virus.

As a result, **Rogers Communications Inc** missed the mark with its quarterly revenue and profit estimates on Wednesday. Management blamed lost sporting advertisement revenue for its failure to meet investor expectations.

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