



TSX Recap: What Happened to Canadian Stocks Yesterday?

Description

The **S&P/TSX Composite Index** fell 0.2% yesterday. Comparatively, the S&P 500, Dow Jones, and NASDAQ 100 fell by 0.4%, 0.4%, and 0.3%, respectively. It was the [fourth consecutive day of decline](#) for major indices, as market participants continue to sweat over the deceleration of economic growth.

According to a recent federal reserve report, for the month of August, sectors such as manufacturing, transportation, residential real estate, and nonfinancial services reported strong numbers, while economic activity moderated in sectors such as outdoor dining, travel, and tourism due to the rising number of infections caused by the Delta variant.

Auto sales remained soft due to the ongoing chip shortages that have impacted manufacturers all around the world.

Bank of Canada maintains policy rates

The Bank of Canada disclosed that it remains optimistic with regards to economic recovery by the end of 2021, despite ongoing weakness in global economies. Canada's central bank explained that while the second quarter of 2021 saw a spike in consumer spending due to the relaxation of several restrictions, there are supply chain inefficiencies that restrict certain sectors.

This also suggests that the bond tapering process [remains on track](#), which might result in a further decline in equity markets including the TSX. The overnight benchmark rate was unchanged at 0.25%, and the Bank of Canada confirmed it will continue to purchase around \$2 billion of Canadian government bonds each week. As economic recovery gains pace, these asset acquisitions will also experience a decline.

The report stated, “The Bank’s QE program continues to reinforce this commitment and keep interest rates low across the yield curve. Decisions regarding future adjustments to the pace of net bond purchases will be guided by governing council’s ongoing assessment of the strength and durability of the recovery. We will continue to provide the appropriate degree of monetary policy stimulus to support the recovery and achieve the inflation objective.”

Canada Goose stock might remain volatile

Shares of luxury parka manufacturer **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)) gained over 1.4% yesterday after they fell over 5.5% on Wednesday, as the company was fined by China for misleading customers in ads. According to Shanghai’s market regulator, Canada Goose claimed it used “the warmest material from Hutterite,” which is a region that is popular for producing some of the world’s most high-end goose down.

However, Canada Goose allegedly misinformed customers, as its products are manufactured with other materials. Canada Goose was fined just \$71,000, but this development once again puts the focus on strained relations between China and Canada.

Cannabis stocks decline once again

Canadian cannabis stocks continued to underperform the markets on September 9. Shares of **Canopy Growth**, **Aurora Cannabis**, and **Charlotte’s Web Holdings** fell by 0.9%, 0.3%, and 1.8% respectively, yesterday after *CNN* warned marijuana users that smoking, vaping, or even eating cannabis (read: edibles) may increase the risk of a heart attack significantly. *CNN* claimed these risks were part of a report published by the Canadian Medical Association Journal.

The report studied 33,000 adults between the age of 18 and 44 and noticed that marijuana users below the age of 45 are twice as likely to suffer a heart attack.

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