TSX Tuesday Recap: What Happened in the Market?

Description

Tuesday was an eventful day for both Canadian and global stocks. All of the major North American indexes ended the day deep in the red, and Chinese stocks took yet another beating following the release of weak retail data.

Global macro trends are giving investors the jitters, and stocks are giving up some of their summer gains in response. In this article, I'll explore the top stories from the market on Tuesday September 14, with a particular focus on Canadian stocks.

TSX slides

Tuesday was a loser for Canadian stocks and for index funds that track them, such as **iShares S&P/TSX 60 Index Fund** (TSX:XIU).

The TSX slid 0.55% for the day, which was actually not bad compared to most other stock indexes. For comparison, the Dow dropped 292 points, or 0.84%, and China's Hang Seng Index slid 0.71%.

The losses in the TSX index took funds like XIU lower. These funds follow the major market indexes and track them almost perfectly. XIU is a high volume, highly liquid fund, so it's not surprising to see that its 0.61% decline for the day was more or less in line with the TSX as a whole.

Chinese stocks hammered … again

Chinese stocks took a beating on Tuesday, with the Hang Seng Index slipping a full 0.71%. Hit particularly hard were e-commerce stocks like **Alibaba** and **JD.com**. China released retail data for the month of August that fell far short of expectations. The forecast for the month was 7% growth and the actual figure was 2.5%. That's a massive miss of the type you rarely see, so it's not surprising that we saw stocks like BABA and JD slide by about 3% for the day.

The China situation is also complicated by the ongoing collapse of real estate investor **Evergrande**.

Evergrande is China's largest developer, and it has over $300 billion in debt it can't service. The Chinese government has signaled that it won't be giving the firm a bailout, and it looks likely to go under. While Chinese retail stocks aren't immediately connected to the Evergrande situation, the company's bad debt could have ramifications for their financial subsidiaries. Speaking of which, the Chinese Communist Party has signaled that it intends to break up Ant Group, a partially owned BABA subsidiary that was supposed to go public this year but got nixed.

Meme stocks slide

Last but not least, we have meme stocks.

Meme stocks like **AMC** and **GameStop** have been consistent headline grabbers this year, rising and falling in dramatic twists and turns that have kept investors glued to their screens. Die-hard meme stock supporters remain steadfast on Reddit and other communities, where they discuss their plans to hold on until a short squeeze finally occurs.

There may be something to the meme stockholders' thesis. These stocks do have very high short interest and could be short-squeeze contenders. Tuesday, however, was a loser for meme stocks, with AMC sliding 8% and GME a more modest 2%. It was solidly red day for these stocks, but that probably won't deter their most ardent holders, who are committed to holding until the mother of all short squeezes occurs.

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