



50/50: Chances the TSX Will Pull Back in Q4 2021

Description

The **TSX** is a few points away from its record high after finishing at 20,819.90 on October 14, 2021. Investors are jubilant because it's been seven consecutive days of gains. Meanwhile, the index has been blowing hot and cold since topping 20,821.40 on September 3, 2021.

If you review the movement, the spikes and dips are pretty even. Thus, the TSX isn't in the clear, nor is it stable. The chances of a [pullback](#) this month or in the fourth quarter is 50-50. My reading might be wrong, but given the market's [unpredictability](#), investors can't be complacent.

Key risk

Economists at Deloitte reports that the economic impacts of the pandemic go beyond the monthly gross domestic product (GDP) fluctuations. According to Deloitte's chief economist, Craig Alexander, the swift response of the federal government of Canada to the pandemic averted a deeper crisis. However, it resulted in a dramatic increase in public spending.

Alexander expects government spending to outpace revenues for years if stimulus and investment programs continue post-crisis. Still, the near-term economic growth trajectory for Canada remains. The key risk or threat that could slow down or hinder growth is the possibility of [higher inflation](#).

Top Big 5 Bank

Rebalance your portfolio if you fear a market crash and choose from among TSX's solid performers this year. The banking sector is resilient as ever, although the **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) is the outstanding choice if you're investing in a Big Five bank today.

Canada's fifth-largest performs remarkably on the stock market, advancing 51.72% and 20.02%, respectively, in the last 12 and six months. At \$145.92 per share, the year-to-date gain is 38.54%. Market analysts maintain their buy ratings and project a climb of 10.17% to \$160.75 in the next 12 months. In case of a price drop, your cushion is the 4% dividend.

The \$65.67 billion bank's financial shape after three quarters in fiscal 2021 is better than in pre-pandemic. CIBC's 153-year dividend track record also assures investors of dividend safety and consistency regardless of the economic environment. The latest from CIBC is the \$30 million credit facility for Azalea Health, a provider of electronic health records integrated with telehealth functionality in the U.S.

Strong momentum

Sun Life Financial ([TSX:SLF](#))([NYSE:SLF](#)) can be your backup to CIBC. The insurance stock continues to display resiliency amid the pandemic environment. Current investors enjoy a 24.67% year-to-date gain in addition to the decent 3.21% dividend.

The \$40.29 billion insurer reported an impressive net income growth of 73.41% in Q2 2021 versus Q2 2020. In the first half of 2021, Sun Life's net income was \$1.8 billion, a 101.87% increase from the same period in 2020. According to its new CEO Kevin Strain, the second-quarter results indicate strong momentum across all business segments.

Sun Life is a leader in group benefits in America. The company fortified its U.S. medical stop-loss business recently by acquiring PinnacleCare. It provides leading health care navigation and medical intelligence services that improve the care experience, costs, and outcomes for employers and employees.

Long overdue

No one can predict when the TSX will correct or take a breather, although some analysts say it's long overdue. Investors need to be vigilant because rising inflation can destabilize the market. Protect your money, move to safe assets, and don't be caught off-guard.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:SLF (Sun Life Financial Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

PP NOTIFY USER

1. arosenberg
2. cliew

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/08/15

Date Created

2021/10/17

Author

cliew

default watermark

default watermark