



What to Watch for on the TSX Today

Description

Canadian investors have faced unique challenges so far this decade. Those who weathered the initial turbulence that came with the beginnings of the COVID-19 pandemic were rewarded with a renewed bull market. However, soaring inflation rates in early 2022 have spurred the Bank of Canada (BoC) to pursue a series of quick interest rate hikes to open the year. This has stirred investor anxiety. Today, I want to look at three things investors should watch on the [TSX](#).

The TSX and global markets are reeling

The **S&P/TSX Composite Index** plunged 464 points on April 22. Investors may not receive must respite to open the trading week on Monday, April 25. Asian markets were broadly in the red during after-hours trading in North America. Meanwhile, futures markets for United States indexes suggest that volatility will persist south of the border.

This past weekend, I'd looked at dividend stocks that Canadian investors may want to consider ahead of a potential [market pullback](#). These may be worth revisiting depending on how markets shake out to close out the month of April.

Mining stocks looking to bounce back

Canada's mining sector was hit hard to close out the week on April 22. The **S&P/TSX Global Base Metals Index** fell over 4% when markets closed last Friday. Should this drive Canadian investors away from the metals and mining space?

On Sunday, I'd looked at some of the [top gold and silver ETFs](#) available on the TSX. The spot price of gold rose above US\$2,000/ounce for the first time since 2020 this year. Indeed, precious metals have performed very well in 2022, especially compared to perceived alternative safe havens like cryptocurrencies.

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) is one of the largest gold producers in the world. This Toronto-

based producer has seen its stock climb 26% in 2022 as of close on April 22. However, it moved down 0.85% last Friday.

Gold stocks like Barrick are still an interesting target in this environment. A severe market pullback could motivate investors to look to safe havens like physical gold and gold-focused equities. Meanwhile, central banks may be pressured to reverse their tightening course in order to sidestep a deep market drop. This is a sector Canadians need to pay attention to in the weeks and months ahead.

TSX investors should keep their eyes on financials

The BoC's decision to raise interest rates in the middle of April has kept attention on Canada's financial sector. Canadian banks put together a terrific rebound in 2021. A broader rate hike will bolster profit margins for Canada's major banks. However, it could also hinder credit growth, especially in Canada's surging housing sector.

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) is the largest domestic bank. Its shares fell 3.3% to close out the previous week. This has pushed the top Canadian bank stock into negative territory in the year-to-date period. Canadian investors should prepare for turbulence on the TSX and in the financial sector in the near term. However, this also presents an opportunity to buy the dip in these profit machines that could pay off nicely for the long haul.

CATEGORY

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:ABX (Barrick Mining)
4. TSX:RY (Royal Bank of Canada)

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Author

aocallaghan

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