



What to Watch for on the TSX Today

Description

The **S&P/TSX Composite Index** shot up 400 points to close out the previous week on Friday, May 13. Despite its strong finish, the Canadian markets [suffered sharp losses](#) in the first half of this month. Investors will hope for a turnaround in the second half of May. Today, I want to look at what investors should watch out for on the TSX as we open the week.

The TSX and global markets are set to experience more volatility in May

Canadians had reason to smile on May 13, as the TSX Index managed to snap a six-session losing streak. We have seen the index shed roughly 2,000 points over the course of the past month. There are several factors that have contributed to this reversal.

The Bank of Canada (BoC) moved on a 50-basis point interest rate hike on April 13. When this year started, I'd [suggested](#) that investors prepare for the coming rate tightening. Robert Hogue, assistant chief economist at **Royal Bank** ([TSX:RY](#))([NYSE:RY](#)), said last month that the “fairly significant change” in rate policy had the potential to disrupt the market. Moreover, Canada housing has also experienced a dramatic decline in sales and a marginal price correction to kick off the spring.

Shares of Royal Bank have dropped 7.4% in 2022. It has been difficult to sidestep broader volatility, even for the nation's top bank. The current bout of volatility may be difficult to stomach, but it also provides a great opportunity to snatch up stocks like Royal Bank at a nice discount.

Futures for the **Dow Jones** and **S&P 500** were down at the time of this writing. Canadian investors may want to brace for a red market opening today.

The cryptocurrency space is in crisis

Many investors should be thankful that the broader market has not suffered the kind of losses we have

seen in the cryptocurrency space. Back in January, I'd looked at [three reasons](#) Canadians should stay far away from **Bitcoin** and its peers. At the time, I'd suggested that interest rate hikes could also be very bearish for the crypto space. Indeed, crypto has been punished in this climate.

Purpose Bitcoin ETF ([TSX:BTCC.B](#)) was the first Bitcoin-tracked exchange-traded fund (ETF) to be launched in North America. Its shares have plunged 34% in 2022 as of close on May 13. That has pushed the ETF well into negative territory in the year-over-year period. The crypto market is in free fall right now, with many retail investors who entered over the last year being punished. Canadians should watch this market closely in the weeks and months ahead.

Energy stocks have been a bright spot on the TSX

The **S&P/TSX Capped Energy Index** rose 3.9% on May 13. Canada's energy sector has regained momentum in May, despite some powerful headwinds, including fears of a looming recession. The prospect of a European ban on Russian oil has reignited global oil markets. This, in turn, has propelled top energy stocks on the TSX like **Suncor** ([TSX:SU](#))([NYSE:SU](#)). This top integrated energy stock has increased 41% in the year-to-date period.

Canadians should be encouraged by this recent development as the heavy energy weighting on the TSX has worked to its advantage. This could minimize broader losses that the Index suffers in this tumultuous market.

CATEGORY

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:BTCC.B (Purpose Bitcoin ETF)
4. TSX:RY (Royal Bank of Canada)
5. TSX:SU (Suncor Energy Inc.)

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