



## Will the TSX Enter a Bear Market Like the S&P 500?

### Description

The S&P 500 Index in the U.S. is down 18.14% year to date, although it entered a [bear market](#) briefly on May 20, 2022. Only energy (+46.14%) enjoys a positive gain out of 11 primary sectors. The NASDAQ (-27.42%) is already in the bear market territory, while the Dow Jones Industrial Average is losing by 13.97%.

Canada's main stock exchange advanced slightly (+0.08%) on the same day to trim its year-to-date loss to 4.83%. The energy sector is also the top performer with a 54.67% gain, with four more sectors above water. Stocks are under pressure due to rapidly rising inflation, which most analysts believe will remain high throughout the year. Will the TSX stay resilient or follow the S&P 500 in the coming days?

### Winning week

TSX investors should be happy with the index's performance amid the heightened volatility. Strong commodity prices, including oil, saved the day and helped outperform its counterparts across the border. Moreover, it was the first winning week in two months for the TSX.

Pierre Cl  roux, the chief economist for the Business Development Bank of Canada, said, "Definitely there's a worry about a recession because what really triggered the market going down over the last few weeks is the fact that it was concern about the interest rate before, but now we're seeing companies who are not making as much profit, even if the volume of sales are up."

Cl  roux added, "It's a correction. But the concern is bigger than that. We don't know where the decline is going to stop, because it seems to be more than the correction of the market." Because of the uncertainties, investors should pick stocks wisely to stay ahead of the market.

### No pullback

**Alimentation Couche-Tard** ([TSX:ATD](#)) is among the solid picks in Q2 2022. The stock isn't likely to pull back after the world's leading operator of convenience stores took the initial step toward its electric

vehicle (EV) journey. On May 20, 2022, the \$57.59 billion company deployed its first EV fast charger in Rock Hill, South Carolina, U.S.

Management chose Rock Hill in South California, because it's a fast-growing commuter and travel corridor. Couche-Tard anticipates massive growth of EV traffic in this major metropolitan area. The company had been successful with EV charging stations in Norway since 2018. Today, over 230 Circle K stores have charging stations (1,000) in Norway, Denmark, and Sweden.

Couche-Tard's senior vice-president for global fuels, Louise Warner, said, "We are committed to playing a key role in meeting our customers' evolving mobility needs as demand for sustainable energy choices continues to grow in all of our markets." The plan is to open 200 EV charging units in North America in the next two years.

The strategic approach is to identify areas with strong EV adoption rates and electric delivery infrastructure. Couche-Tard will then build a network for the future from there. This consumer staples stock trades at \$55.61 per share and outperforms the broader market at +5.14% versus -4.83%. It also pays a modest 0.80% dividend.

## Recession looms

Surging inflation is a significant headwind, and central banks, including the Bank of Canada, are ready to tighten monetary policies. Investors should prepare for a bear market, as economists think more rate hikes could lead to a recession.

### CATEGORY

1. Dividend Stocks
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