



## What to Watch on the TSX Today

### Description

The **S&P/TSX Composite Index** climbed 236 points on Friday, July 29. Every major sector on the index finished the day in the black. Today, I want to discuss what investors should be looking out for on the Canadian markets to open the month of August. Let's jump in.

## All eyes are on a Canada housing slowdown: How are TSX stocks behaving?

Last week, a **Royal Bank** predicted that the Canada housing market faced a "historic correction" that would result in a massive decline in sales and a significant dip in overall home prices. Canada's housing market has delivered consistent gains for over a decade. The domestic [real estate sector](#) has been able to gorge on historically low interest rates and a friendly credit environment.

Canada has seen inflation hit multi-decade highs in 2022. The Bank of Canada (BoC) has been forced to rapidly raise the benchmark interest rate in response. Last month, it moved forward with a full percentage hike, the largest single-day upward move since the late 1990s. These conditions have shaken the Canada housing market and housing-linked TSX stocks.

**EQB** ([TSX:EQB](#)) is a Toronto-based alternative lender. This company has achieved record earnings in large part due to the housing boom we saw during the COVID-19 pandemic. Shares of this TSX stock have dropped 22% in 2022 as of close on July 29. The stock is up 2% month over month.

Investors can expect to see EQB's next batch of results on August 9. This company will start to feel the pinch in a big way, as Canadian home sales are set to dip sharply in the months ahead.

## Shopify's layoffs: A sign of trouble to come?

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) captured headlines last week after it announced that it would lay off 10% of its workforce. It was forced to swallow the bitter pill, as it conceded that it made a strategic

error in overestimating the growth trajectory of e-commerce. Shares of Shopify have plunged 71% in the year-to-date period.

Unfortunately, a broader slowdown may mean the grim story at Shopify will appear elsewhere. The United States economy officially entered a recession after posting two straight quarters of negative GDP growth last week. There are fears that Canada could soon follow. Investors need to prepare for the possibility of rising volatility in the event of an economic contraction. TSX stocks like Shopify and its peers may have to weather more turbulence going forward.

## The TSX Battery Metals Index is on fire!

The electric vehicle market experienced strong growth during the 2010s. This sub sector was set to significantly expand its market share over this current decade. Nearly every major automobile manufacturer has thrown its hat into the EV space. That means there is more demand for lithium-ion batteries.

Last week, the **S&P/TSX Battery Metals Index** shot up 6.9% on Friday, July 29. **Lithium Americas** ([TSX:LAC](#))([NYSE:LAC](#)) is a Vancouver-based resource company that operates in the United States and Argentina. Further construction is expected to commence in late 2022 at its Thacker Pass location. Moreover, it announced that construction was more than 90% complete at its Cauchari-Olaroz Argentina location. Shares of this TSX stock have shot up 25% month over month at the time of this writing. This is a stock that can still erupt, as it focuses on bolstering its promising lithium extraction locations.

### CATEGORY

1. Investing

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:EQB (EQB)
4. TSX:LAC (Lithium Americas Corp.)
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