



What to Watch for on the TSX Today

Description

The **S&P/TSX Composite Index** dropped 90 points on Tuesday, August 9. Most sectors finished the day in the red, and those that did not were only able to deliver marginal gains. It is still a challenging environment for investors in the late-summer season. Today, I want to discuss what Canadians should be looking out for on the TSX.

A rout in the healthcare space

North American health care has proven to be one of the most explosive sectors, second only to technology when it comes to its growth potential. The COVID-19 pandemic drew more attention to the healthcare space, especially to top vaccine producers like **Pfizer**, **Moderna**, and others.

Yesterday, the **S&P/TSX Capped Health Care Index** suffered a sharp 7.9% drop. The cannabis sector has been a drain on this Canadian space since recreational cannabis use was officially legalized back in October 2018. It has been long enough to declare Canadian cannabis legalization a flop, not only for investors but for the Canadian consumer as well.

Bausch Health ([TSX:BHC](#))([NYSE:BHC](#)) is a Laval-based company that develops, manufactures, and markets a range of pharmaceutical, medical device, and over-the-counter (OTC) products primarily in the therapeutic areas of eye health, gastroenterology, and dermatology. Shares of this healthcare stock plunged 10% on August 9. The stock has plummeted 80% in the year-to-date period.

This company released its second-quarter 2022 earnings on August 9. Total revenues were reported at \$1.96 billion — down from \$2.10 billion in second quarter of 2021. Meanwhile, it posted a net loss of \$145 million.

Tech sector layoffs continue

The **S&P/TSX Capped Information Technology Index** also suffered a sharp decline as it fell 4% on the same trading day. In late July, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) announced that it would lay off

10% of its workforce as it underwent a strategic reversal. Chief executive officer (CEO) and founder Tobias Lütke conceded that he and his team overestimated the growth potential of e-commerce following its pandemic-fueled boom.

At the time, I'd expressed concern that Shopify's experience may be a sign of things to come for the tech sector and beyond, as the odds of a recession increase.

Hootsuite, a Vancouver-based social media management platform, announced on Tuesday that it will lay off 30% of its staff. This was also in response to a strategic shift, according to Hootsuite CEO Tom Keiser.

Bank earnings are coming this month: Look to undervalued Canadian bank stocks!

Canada's Big Six banks are approaching the third round of earnings releases, as we approach the midway point in August. Historically, Canadian banks have been able to weather economic turbulence more efficiently than their international peers. Investors may want to snatch up these top TSX stocks ahead of earnings season.

Royal Bank is the top stock on the TSX by [market cap](#). Shares of this bank stock have dropped 9.2% in 2022 as of close on August 9. That has pushed the stock into negative territory in the year-over-year period. It is set to release its third-quarter 2022 earnings on August 24.

TD Bank is the second largest of the Big Six Canadian bank stocks. This TSX stock is down 16% in the year-to-date period. Its shares are down 3.4% from the previous year. Investors can expect to see its next batch of results on August 25.

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