



## What to Watch for in the TSX Today

### Description

The **S&P/TSX Composite Index** fell 10 points on Tuesday, August 23. Canadian investors undoubtedly have a lot of questions on their mind, as this eventful summer winds to a close. Today, I want to focus on three things investors may want to watch for on the [Toronto Stock Exchange \(TSX\)](#) in the middle of the week. Let's jump in.

## The third round of bank earnings season has arrived

Canada's [Big Six banks](#) are set to unveil their third round of earnings in the days ahead. **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) was the first of the Big Six banks to unveil this batch of results. Its performance may give us some insight into how its peers have fared.

Scotiabank posted total revenue of \$7.79 billion compared to \$7.75 billion in the third quarter (Q3) of fiscal 2021. Meanwhile, revenues rose to \$23.7 billion in the year-to-date period. Adjusted net income was reported at \$2.61 billion, or \$2.10 per diluted share — up from \$2.56 billion, or \$2.01 per diluted share, in the prior year.

Its Canadian Banking segment delivered net income growth of 12%, bolstered by interest income growth, loan growth, and net interest margin expansion. Moreover, International Banking net income jumped 28% on the back of similar sources.

Investors should be encouraged by the bank's third-quarter report.

**Royal Bank** is set to release its third-quarter earnings today. After that, we can expect the rest of the Big Six to deliver Q3 2022 results. A strong earnings season for the banks also bodes well for the TSX, as Canada's financial sector possesses the heaviest weighting.

## Healthcare TSX stocks have suffered in late August

The **S&P/TSX Capped Health Care Index** dropped 1.20% on August 23. Investors cannot blame its

losses on the poor performance of the cannabis space, as is usually the case. That said, I'm still bullish on the healthcare space going forward. I'd look to snatch up some of these promising healthcare stocks on the dip.

**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 in a variety of therapeutics. Shares of this TSX stock have plunged 80% in 2022 as of close on August 23. That represents the bulk of its year-over-year losses. It slipped 6.46% in yesterday's trading session.

In Q2 2022, the company reported a loss of US\$145 million — up from a steep loss of US\$595 million in the second quarter of 2021. Meanwhile, revenues fell to US\$1.97 billion over US\$2.1 billion in the previous year. Unfortunately, Bausch was forced to adjust its revenue guidance downward for the full year.

**Sienna Senior Living** is a healthcare TSX stock that slipped less than 1% in yesterday's trading session. Its shares are down 12% in the year-to-date period. It posted its second-quarter 2022 earnings on August 11. Adjusted revenue jumped 10% to \$180 million. Meanwhile, same-property net operating income rose 9.8% to \$33.1 million.

## An end to rate tightening? How will this impact the TSX?

This week, a **Canadian Imperial Bank of Commerce** analyst predicted that the Bank of Canada would cease its rate-tightening cycle in September. However, this will likely be reliant on Canada's coming inflation reports. Regardless, an end to the aggressive rate hike path may allow the real estate sector to take a breath. That said, investors should still expect the carnage in housing to persist in the months ahead. However, it could provide a boost for TSX stocks like **Home Capital Group** if investor sentiment improves.

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