



## Why I'm Avoiding These TSX Sectors Right Now

### Description

The world has changed a lot over the last few years, and in more ways than one. It's led to some TSX sectors soaring, only to have the bubble burst usually within a year. But at the same time, sectors that once seemed safe have become quite volatile.

Today, I'm going to look at two TSX sectors I would avoid right now during this [volatile](#) market.

### Oil and gas

We will always need energy, but more countries are coming on board with renewable energy every day. It's not just because it's the right thing to do, of course. It's also proving to be a way to keep money in the bank and create investing opportunities.

This is why the oil and gas sector is one of the TSX sectors I would avoid — especially if you're looking for long-term income over a decade away. While the sector is doing well right now and, granted, will continue to be necessary for the next decade at least, it's eventually going to go to the wayside.

Even the Organization of Petroleum Exporting Countries and other members (OPEC+) stated that by 2040, its production would be far lower than today. Further, that most oil and gas will be needed by low-income countries. Given this slowing growth, I'd look for companies that have could transition from oil and gas to renewable energy seamlessly.

One to consider would be **Canadian Utilities** ([TSX:CU](#)), which is involved with both oil and gas but also renewable energy. Plus, it's a Dividend King with over 50 years of consecutive dividend increases behind it. This is a stable stock I would therefore certainly consider during this transition away from oil and gas.

### Cannabis

I'm of two minds here, but, in general, I would avoid cannabis stocks right now, unless you're *certain*

you're going to be able to hold the stocks for decades. Plus, you want to make sure you're choosing the right company. In general, there is a lot going on with cannabis stocks that create volatility, which is why it's one of the TSX sectors I would avoid.

What investors need is for federal legalization in the United States to happen. Once it does, there's likely to be a recovery in cannabis stocks. But not *all* cannabis stocks — just those set up in the United States that have survived.

And that's the key. Companies like **Canopy Growth** ([TSX:WEED](#)) are great long-term investments, but they have to reach a profit soon if they hope to reach U.S. legalization. That could still be years away, and not every investor can wait that long.

Given this, and the market downturn, cannabis stocks aren't likely to be one of the first TSX sectors to recover. So, despite believing they could offer a great growth opportunity, for now, I'd stay clear.

## Foolish takeaway

Oil and gas stocks may be up, but long-term investors could be in for a rude awakening in the next few years. The same is true for cannabis stocks, but in this case, they may be down and seem like a great deal. However, it could be years before a recovery.

In this case, these are the TSX sectors I would avoid until the market [recovers](#), at the very least.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. TSX:CU (Canadian Utilities Limited)
3. TSX:WEED (Canopy Growth)

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