

TSX slumps more than 1% in gold, oil rout

Written by Logan Drilling Group

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TORONTO – Canada's main stock index closed sharply lower on Monday, in a broad-based rout led by a massive plunge in gold mining and energy shares, hurt by a sharp retreat in commodity prices.

Gold plunged more than 4% to five-year lows as sellers in New York and China, a top consumer, dumped the precious metal. With the greenback strengthening ahead of an expected interest rate hike by the Federal Reserve this year, investors have been moving away from holding safe-haven gold.

Meanwhile, US crude sank below \$50/bl, as a rallying greenback and signs of ample supply pressured the commodity.

The biggest drags on the index were gold miners, with more than a dozen gold names seeing double digit percentage drops.

Barrick Gold topped the list, plunging nearly 16% to C\$9.58, and Goldcorp diving 12.4% to C\$16.74.

The overall materials group, home to mining companies, tumbled 6.3% to its lowest since the financial crisis in December 2008. The S&P/TSX Global Gold index plunged 11.2%.

Energy stocks followed close behind, falling 3.3%. Canadian Natural Resources ended down 4% to C\$31.47 and Enbridge finished down 2.2% to C\$58.25.

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"With the US dollar continuing to move upward, with China's deceleration in growth, I just don't think that there is the catalyst for gold and energy and other resources to rebound anytime soon," said Stan Wong, director of wealth management and portfolio manager at ScotiaMcLeod.

The Toronto Stock Exchange's S&P/TSX composite index finished down 217.29 points, or 1.48%, at 14 425.55.

Nine of the index's ten main sectors lost ground. Declining issues outnumbered advancing ones on the TSX by 214 to 30, for a 7.13-to-1 ratio on the downside. The index was posting ten new 52-week highs and 39 new lows.

"We're having a relapse. I'm hopeful this is a reaction to the good week we had last week, and we'll have a couple of soft days and then it will get better," said John Kinsey, portfolio manager at Caldwell Securities.

Spot gold prices fell 2.8% at \$1 102.05/oz by 3:54 pm EDT, down for the sixth straight session, after falling as far as \$1 088.05/oz, the lowest since March 2010.

US August crude, set to expire on Tuesday, fell \$0.74 to settle at \$50.15/bl, having fallen to \$49.85, its first time below \$50 since April.

Source: MiningWeekly.com [July 21, 2015](#).