



3 Stocks to Watch This Week

Description

Among the stocks that we highlighted last week, **Telus** ([TSX:T](#))([NYSE:TU](#)) delivered the gold medal winning performance with a strong all-round showing in both the wireless and wireline divisions.

The company increased the quarterly earnings per share by 13%, lifted the dividend by 12.5% and provided an upbeat outlook for 2014. Investors appreciated the performance and the share gained more than 2% in the last two trading days of the week. We suspect that there is more to follow.

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) produced a nasty \$267 million fourth quarter loss caused mainly by obligatory marking to market of certain hedging contracts. The market decided to focus rather on a credible operational performance and a positive 2014-15 outlook — the stock advanced more than 4% after the results announcement.

Rogers Communications ([TSX:RCI.B](#))([NYSE:RCI](#)) disappointed the market with a decline in the quarterly profit, a deterioration of the wireless and cable operating metrics and relatively weak 2014 prospects. The market did not approve of the results and the stock price declined promptly by 5%.

Thomson Reuters ([TSX:TRI](#))([NYSE:TRI](#)) delivered a poor headline performance with a 50% drop in the operating profits of the final quarter. However, this was mainly the result of substantial “simplification charges” and on an adjusted basis, the profit was only slightly lower than the year earlier. Nevertheless, the market did not enjoy the headlines and the share price dropped by more than 5%.

Stocks to watch closely in the week ahead

Agrium (TSX:AGU)(NYSE:AGU) is expected to announce adjusted earnings per share of \$0.82 for the final quarter compared to \$2.34 a year ago. This looks like bad news in the making but with the other two main fertiliser producers **Potash** and **Mosaic** already having announced sharp profit declines in their fourth quarter 2013 results, caused by phosphate and potash price declines, not many surprises should come out of the Agrium announcement. The main focus would rather be on the outlook for the 2014 financial year with industry dynamics seemingly improving over the past few weeks supporting the rising share prices of both Potash and Mosaic.

TransCanada Corporation ([TSX:TRP](#))([NYSE:TRP](#)) will announce results on Thursday. Adjusted earnings per share of \$0.59 for the fourth quarter is expected compared to \$0.45 a year ago. With the recent positive U.S. State Department final Environmental Impact Assessment for the Keystone XL Pipeline, no further progress is expected until after the 90-day comment period has concluded. Because of the quasi monopolistic positioning and stable performance, none of the major pipeline companies are priced cheaply. TransCanada is no exception and the share price advanced by 5% over the past few weeks which implies that the market will not be receptive for any bad news.

Loblaw Companies ([TSX:L](#)) is expected to announce earnings per share for the fourth quarter of \$0.55 compared to \$0.64 a year ago, on Thursday. Key focus points will be the impact of the terrible weather on December shopping, a possible squeeze on profit margins as a result of intensified competition from **Metro**, **Empire**, **Wal-Mart** and **Costco** and progress with the **Shoppers Drug Mart** acquisition.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:TRP (Tc Energy)
2. TSX:L (Loblaw Companies Limited)
3. TSX:TRP (TC Energy Corporation)

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