



3 Stocks to Watch This Week

Description

The steady progression of the **Toronto Stock Exchange 300 Composite Index** (^GSPTSE) was interrupted last week with a loss of 0.5% bringing the total return so far this year to 4.5%. The market declines were broad based with 70% of the companies in the Composite Index declining over the week.

The top of the performance table was again dominated by the mining stocks with **Bombardier** the only non-mining or oil related company in the top 20. One of the companies that I flagged last week as potentially disappointing, **Empire Company**, declined more than 6% during the week after reporting much weaker than expected results.

Watch these companies this week

After the poor results reported by Empire last week, investors would not be blamed for being cautious about the results of **Alimentation Couche-Tard** (TSX:ATD.B), expected on Tuesday. The market consensus expectation is for adjusted earnings per share of \$0.96 for the quarter versus \$0.81 a year ago.

However, the business dynamics are different for Couche-Tard, which operates in the U.S., Canada and Europe with more than 8,000 convenience stores and a road transport fuel chain. The company reported strong results in the previous quarter driven by higher gasoline margins and further synergies from the Statoil Fuel and Retail acquisition. The share price gained 63% in 2013 and 5% so far this year. On a full valuation, the market will not want to be disappointed.

Silver producer and trader **Silver Wheaton** (TSX: SLW)(NYSE:SLW) will report on Thursday, with an expected earnings per share of \$0.24 compared to \$0.50 a year ago. With the fortunes of the company inextricably tied to the movement of the silver price, the potential for a positive surprise is limited given the sharp decline in the silver price over the past year.

The Power Companies did not report results last week but this is now expected on Wednesday. The main asset of the **Power Corporation** ([TSX:POW](#)) is the 66% holding in **Power Financial** (TSX: PWF) which in turn holds three major assets, namely Pargesa Holding, **Great West Lifeco** ([TSX:GWO](#)) and **IGM Financial** ([TSX:IGM](#)). Great West recently reported a strong increase in profits partially as a

result of a litigation recovery and IGM reported results slightly weaker than the year before but indicated an increase in assets under management.

For Power Corp, the market is expecting earnings per share of \$0.63 for the quarter compared to \$0.48 a year ago and for Power Financial the expectation is \$0.67 versus \$0.57 a year ago. The main attractions of the Power Companies are the holding company discounts and the relatively high dividend yields. A word of caution on Power Financial – short sellers have taken a considerable position against the company, showing that some investors hold a negative view on the company.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:POW (Power Corporation of Canada)
2. TSX:WPM (Wheaton Precious Metals Corp.)

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Date

2025/08/21

Date Created

2014/03/17

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