



2 Stocks to Watch This Week

Description

The **Toronto Stock Exchange 300 Composite Index** (^GSPTSE) lost 0.9% over the past week with the wood products and forestry companies amongst the biggest losers. Some of the other big winners over the past year, such as **Constellation Software**, **Valeant Pharmaceuticals**, and **Canadian Pacific Railways** were also noticeable among the largest decliners.

Oil and gas exploration companies had a good week fueled by higher natural gas prices with the top seven slots occupied by companies from this sector. Real Estate Investment Trusts, led by **RioCan REIT**, also made a comeback on the back of lower government bond yields after their major declines last year. **TMX Group**, operator of the Toronto Stock Exchange, had a good week, gaining 3.2% on improving business conditions.

The corporate reporting diary is light for the coming week but two major macro events on the local calendar will probably dominate the headlines. The main focus will be on the outcome of the Bank of Canada meeting on Wednesday, where no action on the interest rate front is expected but the comments from the governor on economy and inflation will be followed with interest. The second event is the publication of the March inflation numbers where a continuation of a tame rate of inflation, as measured by the Consumer Price Index, is expected.

Watch the performance of these companies this week

Metro Inc ([TSX: MRU](#)), the struggling food and pharmaceutical retailer is expected to report results for the second quarter of the 2014 financial year on Wednesday. The market consensus expectation is a profit of \$1.03 per share for the quarter compared to \$1.02 a year ago. Poor weather conditions hampered sales in December and the early part of January leading to results below expectations for a number of the other Canadian retailers. Metro should be no exception.

The same stores sales have started to stabilise in the previous quarter but at the expense of profit margins – it will be interesting to see whether the company continues with the strategy of lower prices to boost sales. While gross profits will again be under pressure in the second quarter, the ongoing share buyback program will support the earnings per share.

SiriusXM (TSX: XSR) is a Canadian-wide provider of satellite-based subscription audio services. It is the Canadian partner of U.S.-based **SiriusXM Radio** ([NASDAQ: SIRI](#)) and carries most of the same audio streams.

The company is expected to report results for the second quarter of the 2014 financial year on Monday. A 66% growth in the profit per share from \$0.03 to \$0.05 is expected. Car sales, which performed well in 2013, is a key determinant of new subscribers for the business. Premium content and increasing penetration rates are further factors that should sustain the rapid growth of the business.

The share price of the company increased by more than 4,000% from the bottom in March 2009 to the current price of \$8.32. The valuation at the current price is steep but will unwind over the next few years if the company can maintain its high growth rate.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:SIRI (Sirius XM)
2. TSX:MRU (Metro Inc.)

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Date

2025/08/25

Date Created

2014/04/14

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