



3 Stocks to Watch This Week

Description

The **Toronto Stock Exchange 300 Composite Index** (^GSPTSE) ended last week slightly higher after it lost some of its earlier gains during the last two trading days. The gain so far this year has been 6.7% with 75% of the stocks in the index posting a positive return.

Some big names are noticeable among the bottom-ranked performers including **Bombardier** and **Rogers Communications**, but the worst performer was **Westport Innovations**, which is down by 31% so far this year. The top of the pile belongs almost exclusively to the gold miners and the energy companies.

The results season will pick up further steam this week and we have selected some of the highlights below.

Suncor Energy ([TSX: SU](#))([NYSE: SU](#)) will report quarterly results on Monday. The market consensus expectation is a profit of \$0.93 per share compared to \$0.90 a year ago. Management estimates crude production will remain flat in 2014 compared to 2013 at between 525,000 and 570,000 barrels daily while oil sands production is expected to increase by more than 10% to between 400,000 to 430,000 barrels per day.

Suncor's share price lagged the Canadian oil and gas producers so far this year, most probably as a result of its low exposure to natural gas production. However, shareholders will be expecting substantial benefits in the form of increased dividends and share buybacks over the medium term as ongoing capital investment actions and productivity improvement actions start to deliver results in the form of higher profits and free cash flow.

Thomson Reuters (TSE: TRI)(NYSE: TRI) is expected to report unchanged profits per share of U.S. \$0.38 for the first quarter on Wednesday. The largest division in the company (Financial and Risk) has been undergoing a major restructuring over the past 18 months with significant "simplification" charges regularly flowing through the income statement. Further charges of U.S. \$120 million will continue to dampen profits in 2014.

The company expects the corrective measures taken in 2012-13 to provide U.S. \$300 million of ongoing savings by 2015, which will support a considerable improvement in the gross profit margin of the Financial and Risk division to around 30% by 2015.

Thomson Reuters regularly buys back shares and continues to pay an attractive dividend and the share price also performed reasonably well over the past year (+13%). However, at some point investors may start to lose patience with the ongoing “work in progress” reports and demand real, visible results.

On Wednesday, **Barrick Gold** ([TSX: ABX](#))(NYSE: ABX) is expected to report a profit per share of around U.S. \$0.23 compared to \$0.92 for the same quarter last year. The average gold price for the quarter was down by more 20%, production should be somewhat lower and cash production cost a little higher – this will explain the sharply lower expected profits.

The company has been struggling over the past year with the share price down by almost 50% since the early part of 2013. Recent talks of a merger with **Newmont** have not as yet materialised and a class action law suit has recently been filed in Canada against the company and some of its officers for allegedly misrepresenting the status of the now halted Pascua-Lama mining project in Chile and Argentina. Shareholders continue to live in hope.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. NYSE:B (Barrick Mining)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:ABX (Barrick Mining)
5. TSX:SU (Suncor Energy Inc.)
6. TSX:TRI (Thomson Reuters)

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