



## Earnings Alert: 5 Top Stocks to Watch This Week

### Description

It's earnings season again — that time of the year when stocks can move dramatically on either side, depending on how they fare on analysts' metres. For Foolish long-term investors, analysts' estimates shouldn't matter, but knowing what to look for in a company's earnings report helps ensure their investment thesis is intact.

With that in mind, five big stocks to watch this earnings week are **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)), **Loblaw Companies Ltd.** ([TSX:L](#)), **Suncor Energy Inc** ([TSX:SU](#))([NYSE:SU](#)), **Cameco Corp.** ([TSX:CCO](#))([NYSE:CCJ](#)), and **Teck Resources Ltd.** ([TSX:TECK.B](#))([NYSE:TECK](#)).

### Will this railroad rally higher?

Canadian National Railway will report its second-quarter earnings on July 24 after market close. Rival **Canadian Pacific Railway Limited** recently reported strong revenue growth but [lower profits on high fuel](#) and labour costs for its last quarter.

While fuel and currency fluctuations could hit Canadian National Railway too, investors need to watch for two things: whether the railroad reiterates its full-year outlook after downgrading it in Q1 to earnings per share (EPS) of \$5.10-5.25, and if it continues to grow its free cash flow (FCF). The stock is up 10% so far this year.

### Forget numbers; check this update

Loblaw will release Q2 numbers on the morning of July 25. The grocer's shares have been flattish so far this year on weak operational numbers and rising competition from e-commerce. In Q1, Loblaw projected positive same-store retail sales but flat adjusted net earnings growth for the full year. A share buyback could lift its EPS though.

While Loblaw's Q2 report may not have any surprise elements, the key point to note is updates on the company's e-commerce plans. Given the industry conditions, only an [aggressive e-commerce push](#) can now push Loblaw to growth.

## **Tough luck for this energy stock**

Suncor Energy will release Q2 earnings on the morning of July 25. The energy stock is on a roll this year, climbing 17% year to date, backed by solid Q1 numbers and strong oil markets.

While production from Fort Hills is expected to have risen substantially in Q2, disruptions at Suncor's Syncrude project could offset that. Lower production from Syncrude could hit Suncor's Q3 and full-year production, revenue, and cash flows hard, taking some sheen off its shares.

## **Is the uranium market bottoming?**

Cameco will release its Q2 earnings on July 25 after market close. Shares of the uranium giant are up a solid 26% this year on hopes of a recovery in the uranium markets, backed by depleting supply thanks to production cuts by Cameco and from Kazakhstan.

I expect strong revenues in Q2, but it'll be a huge positive if management continues to cut costs further. Likewise, Cameco's trailing 12-month FCF is sitting at record highs currently, so a continuation of the trend will be positive for the stock.

## **Stay cautious here**

Teck Resources will report its Q2 earnings on the morning of July 26. Shares are down roughly 3% so far in 2018 after a heady run-up in the latter half last year as copper prices have cooled off and a trade war threat with China — a key consumer of commodities — looms.

Q2 steel-making coal sales volumes will likely be lower from 6.9 million tonnes of Q2 2017, while bitumen production from Teck's Fort Hill project could be nearly 50-80% higher sequentially. But with copper prices plummeting to one-year lows, can the miner continue to grow? I have my apprehensions, so you know what to watch in Teck's earnings report this week.

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1. Energy Stocks
2. Investing
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## **TICKERS GLOBAL**

1. NYSE:CCJ (Cameco Corporation)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:SU (Suncor Energy Inc.)
4. NYSE:TECK (Teck Resources Limited)
5. TSX:CCO (Cameco Corporation)
6. TSX:CNR (Canadian National Railway Company)
7. TSX:L (Loblaw Companies Limited)
8. TSX:SU (Suncor Energy Inc.)
9. TSX:TECK.B (Teck Resources Limited)

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