



## These 2 Stocks Can See Big Gains (or Losses) This Week

### Description

This week is expected to be the busiest earnings period of the quarter. There are more than 160 TSX-listed companies expected to release quarterly results. Are you ready?

As [we saw last week](#), companies that beat earnings can post significant gains — companies like **Canadian National Railway** and **Suncor Energy Inc.**, which posted one-day gains of 4.58% and 2.32% respectively. On the flip side, a miss can send the shares tumbling. There is no better example of this than **Facebook's** 20% drop the day following earnings this past week. Ouch.

With that in mind, here are two companies poised to make big moves post earnings.

### Canada's Facebook?

Arguably, the most anticipated earnings of the week are **Shopify Inc.'s** ([TSX:SHOP](#))([NYSE:SHOP](#)) second-quarter results. The company is expected to release earnings before the market opens Tuesday, July 31. At heart of Facebook's stock correction was not the release itself, but the poor guidance. The company actually beat on earnings and grew revenues 42%. However, it expected revenue to slow significantly over the next few quarters.

Shopify exhibits very similar parallels. Trading at 22 times sales, it isn't cheap. The danger with these tech high-flyers is that if they miss on earnings, their stocks have a tendency to plunge — and vice versa if they beat expectations. Analysts are expecting the company to post a loss of \$0.35 per share and revenue growth of approximately 55%.

Since it first IPO'd Shopify hasn't missed estimates. In fact, it has beat on both the top and bottom lines for 12 straight quarters. That being said, despite beating estimates in the first quarter back in May, the company still dropped 5% on the day of earnings. In light of what happened to Facebook, a miss or poor guidance can see the shares tumble. Investors will be on edge. On the flip side, if Shopify maintains its strong growth outlook, it will continue its [upwards trend](#).

### Strategy update

**Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) is another company investors will be watching closely. Enbridge is expected to close out the busy earnings week when it releases second-quarter results before the bell on Friday, August 3. Analysts expect the company to post earnings per share of \$0.53, up 32% from \$0.40 in the second quarter of 2017.

Aside from financials, investors are most interested in an update on the company's proposed strategic re-organization. Announced in mid-May, the company intends to consolidate its subsidiaries into a single publicly traded company. Subsidiaries include **Spectra Energy Partners, LP**, **Enbridge Energy Partners, L.P.**, **Enbridge Energy Management, L.L.C.**, and **Enbridge Income Fund Holdings Inc.** (ENF).

The intent behind the move is to simplify its complicated structure. With the exception of ENF shareholders, no premium has been awarded to shareholders of these subsidiaries. They are to receive an amount of Enbridge shares equal to the value of the sponsored vehicle at the time of the announcement. It's a simple share exchange. ENF shareholders were offered a 5% premium.

The move to simplify its structure is welcomed. However, Enbridge has been criticized for the low, or lack of a, premium offered to current subsidiary shareholders. Since the initial announcement in May, the company hasn't provided any further details. The announcement also came a week after first-quarter results were released, so this will mark the first conference call whereby analysts can approach the subject.

Of note, the company's earnings call is a joint call with all the aforementioned subsidiaries. It should make for some interesting commentary. Enjoy the week. There will be plenty of action!

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

## TICKERS GLOBAL

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:SHOP (Shopify Inc.)

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