



3 Stocks to Watch in 2019

Description

With the first half of 2019 coming to a close, several storylines have dominated markets. There was an oil glut in Alberta, Justin Trudeau was accused of aiding **SNC-Lavalin Group**, and trade wars have roiled stocks like **Canada Goose Holdings**.

In the second half of 2019, new storylines should unfold with potentially explosive conclusions. Here are three stocks to watch over the remainder of the year.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#))

Shopify stock is expensive, but that hasn't stopped the market from bidding up shares.

No matter what the price, Shopify is by far the best e-commerce platform in the world. With more than 800,000 users, it continues to take market share every quarter.

Good times, however, may be ending.

For nearly its entire operating history, Shopify has reimagined e-commerce for the better, making it easier and more beautiful than ever for anyone to become an instant digital entrepreneur. Now that Shopify has cracked the code, competitors are starting to move, many of which are larger and better financed.

Already this year, **Microsoft** has signaled intentions to compete directly with Shopify. **Square** revamped its services to improve its e-commerce positioning, while **Facebook** introduced a new shopping experience within its Instagram platform.

Shopify will likely continue to grow revenues for years to come, but profitability may be harder to come by. Monitoring the actions of new competitors is essential, especially if they pressure Shopify's pricing tiers.

Enbridge ([TSX:ENB](#))([NYSE:ENB](#))

In March, I wondered if Enbridge would be able to [save](#) the Canadian oil market. Judging by recent events, it may be the only entity capable of doing so.

Last fall, regional oil markets in Canada faced severe oversupply. Companies bid against each other to secure dwindling pipeline capacity. This caused local selling prices to drop by 50% or more, dragging down most oil stocks with it.

Unfortunately, oil supply will continue to grow until at least 2030, so the problem won't go away.

Instead, new transportation supply needs to come on. The Alberta government planned to purchase thousands of rail cars to provide emergency crude-by-rail relief, but the incoming government has imperiled that strategy. Enbridge, which is planning multiple pipeline upgrades, may be the sector's final chance to balance the market.

By the end of this year, its Line 3 replacement should provide more than 300,000 barrels per day of new capacity. By 2021, the the remainder of the Keystone XL pipeline could be activated.

If you're invested in Canadian oil stocks, monitoring Enbridge's progress is critical to the value of your portfolio.

Constellation Software ([TSX:CSU](#))

For those in the know, Constellation is the definition of a cult stock. Its leader is laconic and private, while the company rarely makes a splash. Constellation has also eschewed stock splits, forcing its share price over \$1,000 apiece.

With four out of every 10 Canadian jobs likely to be automated over the next 20 years, Constellation is taking advantage by offering niche software to a variety of industries from construction to healthcare.

You may not have heard of Constellation's software because it competes in very narrow fields, making it some of the most specialized software on the market. Often, it will buy companies for less than \$5 million, despite its \$25 billion market cap.

Last year, revenues hit \$3 billion, generating a profit of \$380 million.

At the end of 2018, shares dipped more than 15%, offering a rare opportunity to buy shares at a discount. Another drop during the second half of 2019 might be too good to pass up.

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