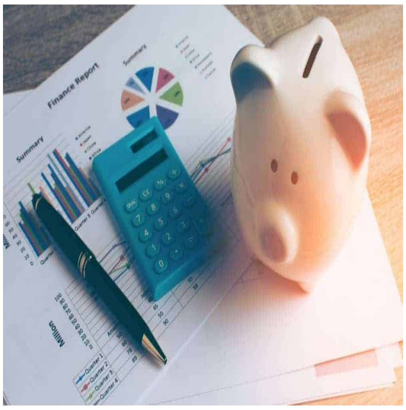

3 Stocks to Watch This Month

Description

With earnings reports just around the corner, Canadians should be keeping a close eye on stocks that are due for a bump or a dive. Whether you're looking to see a share rise or take advantage of a dip, looking at these stocks could be your chance to sincerely increase the bottom line of your TFSA or RRSP.

Saputo Inc. (TSX:SAP) is a stock linked to the consumer, offering a defensive option during even the slowest of growth periods. The dairy giant has produced solid economic profits in the last decade, averaging 14% adjusted returns on invested capital.

The company is now in the process of cost saving initiatives that have added up to $20 million in annual savings, or 2% of operating income. Analysts remain optimistic about this stock, with its P/E ratio of 23.2, much higher than the industry average. In fact, in the next 12 months, analysts predict the stock to rise to $52 per share from $45 per share at writing.

When its earnings release comes out on June 6, investors should be looking for continued costs savings and growth in sales and revenue. If these numbers are achieved, expect the share price to continue its upward trend.

Dollarama Inc. (TSX:DOL) may be indeed a powerhouse, but many analysts believe that it hit its peak in January of 2018, when the company reached about $56 per share. Since then, the stock dropped with the markets back in December, climbing to where it is now at about $44 per share.

After some disappointing quarters, the company is on the rise again after the last quarter showed some surprisingly strong growth and an increase in its dividend of 10%. The problem is, that growth came with the opening of 33 new stores and the company isn't planning to open many more. Once those openings halt, revenue may be struck rather hard.

So if results are strong on June 13 — and analysts aren't too sure they will be — this might be more of a buy and quick sell stock. While the company still contends that it has a lot more growth to give, the proof will have to be in continued strong earnings results. For right now, investors just aren't ready to give up on this growth stock.

Transcontinental Inc. Class A (TSX:TCL.A) is the stock I'm most looking forward to this month on June 6. The company has fallen hard since August 2018, from around $32 per share to $14.45 per share at writing.

Most of the slump is due to market performance, but some of it is due to the company's organizational restructuring. The company is selling assets and acquiring others to create a flexible packaging business. This type of transition can take awhile, but it doesn't mean analysts don't foresee some growth.

In fact, in the next 12 months alone, analysts expect growth of between $22 and $32 per share, which equates to 121% in share growth. So while the company is continuing to diversify from just printing to both printing and packaging, expect some slumping results. But if you're patient, this stock could be a huge long-term winner.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:SAP (Saputo Inc.)
3. TSX:TCL.A (Transcontinental Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date
2025/07/06
Date Created
2019/06/01
Author
alegatewolfe