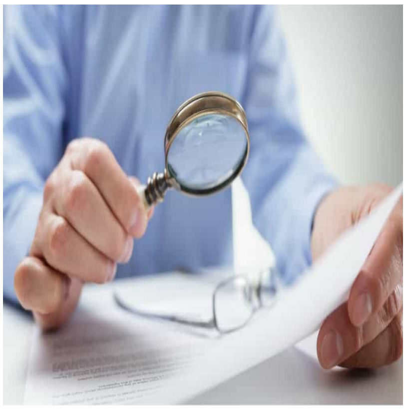

3 Stocks to Watch This Week

Description

It's another big week for earnings on the TSX this week. Here are three stocks that investors will want to keep a close eye on in the coming days.

Canadian National Railway (TSX:CNR)(NYSE:CNI) is expected to release its quarterly earnings on Tuesday. Fellow railway operator **Canadian Pacific Railway** recently unveiled its most recent results, which proved to be very impressive. It wouldn't be surprising for CN Rail to have a similarly strong performance, as the economy has continued to perform well this past quarter.

The railway operator has proven to be very stable over the past five quarters, consistently posting profits along the way. And with strong growth of more than 10% in its most recent quarter, CN Rail could have another strong outing this time around as well.

The main concern I'd have is if the stock has gotten too expensive to see much upside from here, as it's not far from its 52-week high and it is trading at around five times its book value. With concerns that the economy might be slowing down, investors might not be as eager to pay a big premium for the stock.

However, an impressive earnings performance or strong guidance could certainly change that in a hurry.

Loblaw Companies (TSX:L) is scheduled to have its Q2 earnings call the following day, on Wednesday, July 24. Year to date, the stock has performed well, rising more than 9% in value. However, trading at a price-to-earnings ratio of more than 40, it'll need a big quarter if it's going to stay near its high for the year.

The company's profits have been razor-thin in recent quarters, with Loblaw averaging a profit margin of just 1.2% over the past four quarters. That doesn't leave a whole lot of room for error, and a surprise expense could be enough to put a quarter into the red.

In its most recent earnings release, the company saw sales growth of 2.8% but unfortunately, its profits were almost cut in half. Unless Loblaw has a big (positive) surprise this quarter, I'd expect the stock to drop this week.

Cameco (TSX:CCO)(NYSE:CCJ) is coming off a disappointing quarter where it posted a loss for the second time in the past 12 months. Investors will be hoping the company bounces back when it reports its latest results on Thursday. Unfortunately, although the company has done a good job of navigating through some challenging times in the industry, its results will largely depend on the outlook for uranium prices.

With the commodity not doing too well recently, investors have been very hesitant to buy the stock. In just three months, Cameco's stock price has fallen 16%, pushing it to right around its book value. However, a low valuation on its own won't be enough to convince investors to buy the stock. Cameco is going to need to show investors a profit and give them some reason to justify investing in the stock today.

The good news is that as long as there isn't something overly negative in the company's upcoming results, the stock is likely to remain stable, as over the past year it has seen strong support at over $13 per share.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

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2. NYSE:CNI (Canadian National Railway Company)
3. TSX:CCO (Cameco Corporation)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:L (Loblaw Companies Limited)

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