3 of the Most Surprising Stocks Halfway Through 2019

Description

No one expected some companies to make a stunning performance this year. Yet **Air Canada** (TSX:AC)(TSX:AC.B), **Canadian National** (TSX:CNR)(NYSE:CNI), and **TC Energy** (TSX:TRP)(NYSE:TRP) turned out to be the biggest surprises halfway through 2019. The stocks are on fire.

Flying higher

Canada's flag carrier is flying high in 2019. Air Canada climbed by 71.07% from $25.96 on December 31, 2018, to $44.41 as of this writing. Many thought Air Canada would be in dire straits after Transport Canada grounded the airline company's fleet of **Boeing** 737 MAX aircraft.

However, Air Canada reported better-than-expected profit through the first two quarters, despite removing the Boeing 737 MAX from the airline's schedule until early January 2020. In Q2, passenger revenue per available seat mile increased by 3.6%, while the adjusted net income increased by 86% to $240 million.

Management knows how valuable those aircraft are during the busy summer period, but bringing in replacement aircraft is a struggle. Calin Rovinescu, Air Canada's CEO, informed investors that the third-quarter capacity would decline by 2% from a year ago. The original forecast was a 3% capacity increase.

Rovinescu expects Q3 2019 to be good but not as good as the previous quarters. Air Canada could still end up as the biggest winner in 2019.

Railway titan

Canadian National's 22.66% rise year to date is another surprise. The $88.3 billion rail operator, along with partners in the agriculture sector, created the CN Agricultural Advisory Council a few years back. The council was able to identify key concerns and areas that needed improvement.

As a result, Canadian National was able to move over 27.5 million metric tonnes of grain during the 2018-2019 crop year to set an all-time record with grain movement in bulk hoppers.

With the prairie crop yield potential steadily increasing, Canadian National will continue to increase capacity to meet the growing demand. Under the 2019-2020 Grain Plan, the company will increase the maximum sustainable supply chain capacity for CN's supplied equipment in both winter and non-winter seasons.

Canadian National is prepared to service the transportation needs of grain customers beyond the 2019-2020 crop year. Hence, investors could expect capital growth while enjoying a decent 1.74% dividend yield.

Energized

TC Energy is stealing the show from industry peers, and stock has performed creditably in the first half of 2019. The stock is up 34.88% year to date. The $59.5 billion oil and midstream company is also rewarding investors with a hefty 4.6% dividend yield.

During recent earnings call, TC Energy's president and CEO Russ Girling presented the Q2 2019 financial highlights. The company's $100 billion portfolio of high-quality long-life energy infrastructure assets profited from strong supply and demand fundamentals in the core geographies in which TC operates.

TC Energy expects to realize growth from the company's leading capital-expansion program as the new long-term contracted and rate-regulated assets come into play.

Hence, the company is on track to deliver stronger operating financial performance in 2019 and leapfrog the record results in 2018. As such, TC Energy's overall financial position should remain solid.

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3. TSX:AC (Air Canada)
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Date
2025/07/05
Date Created
2019/08/10
Author
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