



2 Canadian Stocks Reporting Earnings This Week

Description

Earnings can catch investors by surprise, adding a lot of volatility to stocks, as analysts and institutional investors buy and sell heavily after updating their metrics and valuation calculations.

That doesn't mean you should be watching these stocks and trying to buy shares before earnings, because you think the results may be strong. Conversely, it doesn't mean you should try and wait a couple of days and hope the earnings cause the stock to temporarily decline.

Instead, investors should make sure that they are buying the company for its long-term prospects instead of any short-term catalysts.

Once the companies have reported their earnings, if you have read the quarterly or annual reports and still like what you see, you can wait two or three trading days for the market to come to equilibrium and then initiate your long-term position in the stock.

Two of the best Canadian companies that are reporting earnings soon. You may want to pay attention to **Imperial Oil** ([TSX:IMO](#))([NYSE:IMO](#)) and **Canadian Pacific Railway** ([TSX:CP](#))([NYSE:CP](#)).

Imperial Oil

Imperial is a leading integrated energy company in Canada. One of the best places for investors to put money is in the Canadian energy industry.

The company produces oil and has refining and other midstream operations as well as retail locations to sell its products.

The integration of its business has kept it robust, with the mid- and downstream operations picking up the slack when oil prices had their major falloff back in 2014 and 2015, causing its upstream operations to be majorly impacted.

Over the last few years, however, with the mid- and downstream operations keeping the business

strong, Imperial has worked to improve its cost controls on the upstream business to make it more profitable at these lower oil prices.

What's most attractive right now about Imperial, besides its strong business operations, is the [valuation](#) it's trading at. You can gain exposure to Imperial today at a price-to-earnings ratio of just 9.1 times earnings. It also pays a dividend that yields roughly 2.7% today.

If you are considering buying shares, however, you may want to wait until it reports earnings and the dust has settled. Imperial is reporting earnings January 31 before the market opens, so if you were looking at buying some shares, it could be a good idea to wait till next week before pulling the trigger.

Canadian Pacific Railway

Canadian Pacific is one of the top companies that investors can own in Canada. It provides critical services to the North American economy, transporting important goods such as commodities, agricultural products, and other intermodal goods.

Railways have always been a great industry to invest in. By looking at Canadian Pacific's numbers, it's clear how strong the business is.

Not only does CP consistently generate more revenue and profit each year, but over time, its margins slowly get better and better, so the earnings growth is actually outpacing the revenue growth.

Its business is also well diversified, with 36% of its revenue coming from global operations, 31% from domestic, and 33% from cross-border rail shipments.

The company is also a major returner of capital to shareholders, having returned roughly \$8.9 billion to shareholders from 2014 to 2018, and continues to return funds through both its dividend and its share buybacks.

This has helped to stock price to grow considerably over the last three years; it's up by roughly 67%, reflecting the strong improvements to the business that CP has been implementing.

If you are considering buying shares of the company soon, you may want to wait a few days, as Canadian Pacific is slated to report earnings on January 29.

Bottom line

Both companies could be great additions to investors' portfolios, but you'll want to let the dust settle after they report earnings and let the market come to equilibrium in a new trading range before you pull the trigger.

There is no way to predict whether earnings will beat or miss expectations or how the stock will react, so waiting for the earnings and all the information to come out, letting the market process it, and then making your investment is the best and most disciplined way to protect your hard-earned capital.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CP (Canadian Pacific Railway)
2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:CP (Canadian Pacific Railway)
4. TSX:IMO (Imperial Oil Limited)

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Date

2025/07/17

Date Created

2020/01/28

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