



Earnings Season: Which TSX Stocks Should You Buy?

Description

It's been a hectic week for earnings, as a huge number of companies turned in their second-quarter results. Both sides of the border saw a raft of names add to the dismal picture of 2020's Q2. The year's second quarter was every bit as bad as investors expected. However, while some names struggled to maintain income growth, others saw the pandemic actually boost their bottom lines.

A busy week for companies reporting earnings

Mad Money host Jim Cramer hit the nail on the head, stating, "You need to understand that this week is about one thing and one thing only: It's about earnings. First time it's been like that in a while ... This is the most overwhelming week of earnings season, when a ridiculous number of companies report at the exact same time."

U.S. stocks have been generated plenty of headlines this week. **Amazon**, **Apple**, **Alphabet**, and **McDonald's** all reported earnings this week. **Exxon**, **Chevron**, and **Caterpillar** also dished the dirt on their Q2. The TSX saw its own fair share of reporting companies, with everything from **Shopify** and **Aphria** to **Enbridge** and **Air Canada** turning in their own decidedly mixed earnings.

Big tech in particular turned in mixed reports this week. Amazon stood out with 40% revenue growth from surges in household shopping and entertainment bolstering the online giant's bottom line. Apple also turned in a decent quarter, with products and services driving double-digit growth. Not so charming were the reports from Google parent company Alphabet and **Facebook**. Both names suffered as digital advertising dried up.

Stocks to buy and trim

The energy sector weighed on the TSX, which slid on dour reports. Even stalwart names such as **Fortis** failed to lift the mood. Canadian telecom giant **Telus** continued its sector's slump. Its report followed that of **Rogers Communications**, which itself saw a huge decline in roaming revenues. Next up to bat will be **BCE**, which is expected to report its Q2 earnings August 6.

On the buy list include big names in communications and energy infrastructure, such as Rogers, Telus, and **Enbridge**. Stocks to trim include names with high valuations and uncertain outlooks, including Shopify, Aphria, and **Air Canada**. Indeed, following its alarming second-quarter report, Air Canada has [a long way to recover](#).

Last month, I wrote, "In reverting to United Nations and International International Air Transport Association (IATA) standards, Air Canada is still complying with recognized guidelines. However, the final judge of the wisdom of rolling back social-distancing measures won't be the UN or the IATA. It will be history." However, having just posted a Q2 89% revenue plunge, investors won't have to wait that long to punish Air Canada.

All eyes will be on BCE as the next telecom stock to report earnings. Until then, investors have a mixed bag to pick over. While there are certainly some falling knives on the market, [good value for money](#) continues to make quality picks stand out. Names like Rogers are among the best stocks that could see rocketing upside, as Canada emerges from the worst of the pandemic.

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