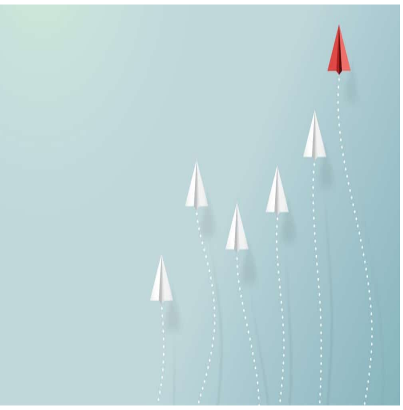

TSX Stocks: 2 Canadian Giants That Soared After Q2 Earnings This Week

Description

Canadian corporate earnings for the second quarter of 2020 have been mixed so far. They have not been so negative that it could lead to a crash. So, one can expect the ongoing rally in **TSX** stocks could continue, at least in the short term.

Some of the Canadian giants that reported their quarterly earnings this week include **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) and **BCE** (TSX:BCE)(NYSE:BCE).

Top TSX stock: Canadian Natural Resources

The entire global energy sector is reeling under pressure this year, driven by volatile oil and gas prices. Almost all Canadian energy companies reported huge losses for the second quarter, and Canadian Natural Resources was no exception.

The second-biggest energy company, CNQ reported an adjusted loss of $772 million in Q2, as the pandemic dented the oil demand during the quarter. The loss more than doubled than the loss in the first quarter and a billion-dollar profit in the second quarter last year.

However, there is a silver lining in its Q2 report. The loss was comparatively lower from peers, driven by higher natural gas prices and its various cost-cutting initiatives. Analysts were expecting a deeper cut for the quarter.

A $30 billion oil giant also stood tall on the liquidity front at the end of the quarter and maintained dividends. It declared a quarterly dividend of $0.425 per share, indicating a yield of 7%, which will be paid in October.

Top TSX stock CNQ rose 3% after releasing its Q2 earnings. It has soared more than 150% from its record lows in March. Notably, CNQ is one of the cheapest stocks in the Canadian energy space that offers relatively better growth prospects and dividends.

Top TSX stock: BCE

The country’s biggest telecom company, BCE reported its second-quarter earnings on August 6.

BCE’s profit shrank almost by three-fourths during the second quarter, which was dominated by the pandemic. In the same quarter last year, the company’s earnings came in at $761 million. Its business took a notable dent, as retail stores were closed during the pandemic-driven lockdowns.

BCE management sees some green shoots in the third quarter. It stands strong on the liquidity front and, importantly, has no meaningful near-term debt maturities. BCE has maintained its dividends and yields 6% at the moment.

That’s significantly higher than TSX stocks at large, and investors can rely on it for payments in the longer term.

BCE operates as a diversified communication company in Canada with a significant presence in wireless and media business.

BCE stock rose more than 1% on its Q2 earnings. It is still trading nearly 15% lower to its pre-pandemic levels. It looks trading at a discounted valuation compared to peers and its average historical valuation. BCE’s strong dividends at an attractive valuation look nothing short of a steal.

Despite these earnings declines or losses, Canadian corporate earnings in the second quarter have been better than expected. Importantly, the second half of 2020 is expected to see some recovery from Q2 levels and might keep the rally going.

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Date
2025/08/25
Date Created
2020/08/07
Author
vinitkularni20