



2 Top TSX Stocks to Buy ahead of Their Earnings Bounce

Description

Very few Canadian sectors managed to stay strong amid the pandemic and reported higher earnings so far in 2020. Technology and gold miner companies were some of them. As the third-quarter earnings season heats up, many of those stocks are once again showing stronger momentum ahead of their quarterly release.

Barrick Gold

Top gold miner **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) stock has already notably outperformed peers this year. It is up more than 45% so far in 2020, against gold-miners' average 35% gain.

This year has largely been a gold miners' year because of the epic rally of the precious metal. For the third quarter of 2020, Barrick Gold expects higher gold and copper production compared to the same period last year. Additionally, both these metals have seen higher prices in Q3 compared to 2019, which will likely significantly boost its earnings.

So far in 2020, Barrick Gold has managed to double its earnings compared to the same period in 2019. The second-biggest gold miner could well repeat stronger performance in the second half of the year as well.

Barrick Gold stock looks overvalued after its steep rally this year. However, I think its premium valuation is quite justified considering the above-average earnings growth this year.

Warren Buffett was a longtime critic of gold, but **Berkshire Hathaway** gained exposure with Canadian miner Barrick Gold. Along with higher earnings, Barrick's improving debt profile and [steadily increasing dividends](#) will be some of the factors that might have appealed to the legendary investor.

Lightspeed POS

Tech companies have been on the run this year, even beating the gold miners. **Lightspeed POS** ([TSX:LSPD](#))

)([NYSE:LSPD](#)) is one of those stocks that has soared more than 300% since its March lows.

A \$4 billion tech star Lightspeed offers a cloud-based software platform for small- and medium-sized businesses. It facilitates customer management, payments, analytics, and better operations management.

In the last reported quarter, Lightspeed highlighted that it is among the very few beneficiaries of the pandemic and changing consumer behaviour. Its subscriber base [expanded](#) by over 50% and gross transaction volume was also encouraging year-over-year.

The trend might continue in the second half of the calendar year 2020, which will likely continue to push the stock even higher. From the valuation standpoint, Lightspeed stock is currently trading 30 times its sales for the last 12 months. That looks expensive compared to peers.

However, the stock might continue to rally, considering investors' inclination to pay premiums for tech stocks. Also, its high-growth potential deserves some premium. Lightspeed stock is up more than 35% in the last 12 months and is currently trading close to its all-time highs.

Lightspeed and Barrick Gold will report their quarterly earnings on November 5. Apart from their bottom lines, how managements see their growth path forward will be interesting to see. Also, these stocks will likely keep on marching higher on their expected higher earnings.

It will be prudent for investors to remain invested for the long term in these stocks rather than timing them for a short-term bounce.

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TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:ABX (Barrick Mining)
4. TSX:LSPD (Lightspeed Commerce)

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Date

2025/08/25

Date Created

2020/10/28

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