2 Stocks That Could Take Off in January

Description

The new year is right around the corner, and there are a couple of stocks to watch for in January. The two stocks listed below are expected to release their latest earnings numbers next month and a good performance could help them get off to a strong start to 2021.

Corus

Corus Entertainment (TSX:CJR.B) is one of the cheaper, more undervalued stocks on the TSX today. Trading at a forward price-to-earnings (P/E) multiple of less than six, investors are getting a good deal for this media stock. Corus owns many top brands Canadians are familiar with, including Food Network Canada, HGTV Canada, YTV, and many others. Last year, it also launched STACKTV, a streaming service in partnership with **Amazon**.

While investors are bearish on media and entertainment companies of late as advertisers have been cutting back expenditures during the pandemic, Corus could be due for a good quarter. The company typically reports its first-quarter earnings sometime before mid-January. In its most recent quarterly results for the period ending Aug. 31, Corus reported revenue of $318.4 million, which was down 15.6% from the prior-year period.

However, CEO Doug Murphy said that the results still “exceeded our expectations in the current environment.” Although the company noted an increase in STACKTV subscriptions, it didn’t disclose the actual growth rate in its earnings report. Any positive developments in its upcoming Q1 earnings report could be enough to give this beaten-up stock some much-needed momentum.

In 2020, shares of Corus have fallen more than 20% and with the stock trading right around its book value, next year could be a much stronger one for the company, as advertisers come back and things in the economy start getting back to normal. Whether that turnaround happens in Q1 or later is the big question, but this is certainly a stock that investors will want to keep an eye on in 2021.

And with a dividend that yields 5.8%, this is also a solid buy for income investors.

CN Rail

Canadian National Railway (TSX:CNR)(NYSE:CNI) normally reports its quarterly and year-end results towards the end of January. When the company released its third-quarter numbers in October, CEO JJ Ruest said that “we continue to see sequential improvements and momentum leading us to have a cautious optimism about the future.” That momentum could continue into next month.

Its revenue of $3.4 billion in Q3 was down 11% year over year and it was a 6% improvement from the previous period, when CN’s top line totaled $3.2 billion. With a surge in online shopping and volumes potentially up during the holiday season, the railway operator could see a strong quarter to wrap up the year.

Unlike Corus, CN Rail stock has done well this year, rising by around 20%, and it has easily outperformed the TSX and its 3% gains. Although it’s a bit of a pricier stock, trading at a P/E of close to 30, that’s also due to COVID-19 and some softer earnings this past year. Its forward P/E of 23 reflects a stronger year ahead for the company. And with a strong finish to 2020, CN Rail stock could start rallying sooner rather than later.

It also pays a dividend, but with a yield of 1.6%, it’s much more modest than what Corus currently pays its shareholders.

CATEGORY

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2. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CJR.B (Corus Entertainment Inc.)
3. TSX:CNR (Canadian National Railway Company)

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Author
djagielski