2 Top TSX Stocks to Buy in January 2021

Description

It is the start of a new year and the perfect time to make some resolutions for your investments. The stock market was turbulent last year due to the COVID-19 pandemic. Hopefully, this year will bring better news to boost the value of retirement portfolios.

The best way to stay on top of this good news is to pay attention to earnings reports. In January, we will receive the earnings results from some top **Toronto Stock Exchange** companies. Notably, both of Canada's railway stocks will announce earnings at the end of January.

Canada's two major railways actually performed well during the COVID-19 pandemic. They might just have more good news for us still in 2021. Thus, you are going to want to take note of these earnings dates.

Canadian National Railway is a #1 TSX stock to buy

Canadian National Railway (TSX:CNR)(NYSE:CNI) stock performed well last year during the COVID-19 pandemic. The stock price rose from a 52-week low of $92.01 to a 52-week high of $149.11. At the start of 2021, the stock is trading for $139.62 per share. The dividend yield is a decent 1.65% annually.

Given the stock's strong performance this year, you'll definitely want to watch it in 2021. Canadian National Railway will announce fourth-quarter 2020 earnings on January 26. If you own this stock or are thinking about purchasing it for your retirement portfolio, it would be a great idea to mark your calendars.

Railroads are experiencing some changes in demand due to the COVID-19 pandemic. For example, Canadian National Railway reported a decrease in revenue of $421 million for the third quarter due to lower volumes in commodity groups. Nevertheless, the firm also increased its free cash flow.

Overall, the firm is doing well, and investors are driving up the price of the stock in search of safe assets during the pandemic. If you are looking for a top stock to buy on the TSX, Canadian National Railway is one of your best bets.

Canadian Pacific Railway is flying on the TSX

Canadian Pacific Railway (TSX:CP)(NYSE:CP) stock made an extraordinary run in 2020, despite the COVID-19 pandemic. This railway stock rose from a 52-week low of $252 to a 52-week high of $447 after the March 2020 market sell-off. At the time of writing, the stock is trading for $442.39 per share — approximately $80 more than its pre-pandemic market value. The dividend yield is 0.86% annually.

Canadian Pacific Railway will announce fourth-quarter 2020 earnings on January 27. With only two major railway players in the Canadian market, Canadian Pacific Railway shares substantial market power with Canadian National Railway.

Less competition means increased safety for shareholders. That's why this is another stock to watch this year. So, mark your calendars for this earnings report as well. It's going to be a fantastic year for shareholders in Canada's railway stocks.

Canadian Pacific Railway also reported a slight decrease in earnings for the third quarter of 2020. Unlike Canadian National Railway, Canadian Pacific didn't increase its free cash flow in 2020. It actually decreased from $821 million in the first nine months of 2019 to $497 million in 2020.

Still, given the dramatic rise in Canadian Pacific's stock price last year, this railway powerhouse remains a top stock to buy on the TSX in 2021. If anything, you should at least put this stock on your watch list and wait for a solid entry signal.

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2. NYSE:CP (Canadian Pacific Railway)
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