



## 3 TSX Stocks to Watch for Earnings Surprises Next Month

### Description

The quarterly earnings season was kickstarted last week south of the border. Some U.S. banks indeed posted handsome earnings growth, which exhilarated already rallying markets. A similar trend can be seen here in Canada when the Canadian giants report next month.

### Air Canada

**Air Canada** ([TSX:AC](#)) is set to release its fourth-quarter and 2020 full-year earnings on February 12. The stock has been weak lately, falling almost 10% this year. Unarguably, its upcoming quarterly release will be a crucial driver for its stock for the next few months.

Investors will be closely watching Air Canada's quarterly numbers and how management sees things ahead. While it's pretty evident that revenues and profits will be in tatters, the cash burn rate will be vital to watch. Canada's biggest passenger airline has burnt billions of dollars amid the pandemic with a grounded fleet.

However, what's encouraging here is Air Canada has been burning lower cash than its global peers. In the last reported quarter, its cash burn rate further declined, which delighted investors. We could see a robust surge in AC stock if the flag carrier manages the same feat again.

The government's blanket restrictions on air travel and mutating virus have substantially added to Air Canada's woes. Any clarification on re-opening suspended routes could boost investor sentiment. Its strong liquidity position has been the sweetest spot throughout the crisis. If that continues, another quarter will be interesting to see.

### Shopify

The Canadian tech titan **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) will report its quarterly earnings on February 17. Investors must be hoping for Shopify's growth streak to continue in 2021 as well.

Well, it's too soon to tell for the entire year. But the stock could continue to trade strong in the short term, driven by the positive Q4 earnings outlook. Last year, the pandemic benefitted the tech giant and almost doubled its revenues.

On the similar lines, strong growth in gross merchandise volume after [record Black Friday sales](#) could notably boost its top line in Q4. Also, recurring revenues and new merchant additions will be some vital indicators for the stock.

Interestingly, Shopify stock has been trading at [sky-high valuations](#) for months. But investors seem to care a little and focus only on its growth prospects. It will be prudent to bet on this e-commerce bigwig in portions or with a small sum.

## Suncor Energy

The country's biggest integrated energy company **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) will report its quarterly earnings on February 4. The stock seems to be holding \$20-\$22 levels, which could act as crucial support in the short term.

Notably, relatively higher energy demand could boost Suncor Energy's upcoming quarterly revenues. It has declared that it would write down \$425 million in White Rose assets. While the company's 2021 guidance remains unchanged, the writedown will likely adversely impact its profits in the upcoming release.

Warren Buffett-backed Suncor Energy will produce approximately 760,000 boe/day in 2021. That's almost 10% higher than last year, which indicates a decent demand increase from last year.

SU stock is currently trading at a price-to-book value of one, which indicates a fair valuation. Some green shoots in the upcoming release and an upbeat management commentary could significantly lift the stock in the short term.

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1. Editor's Choice

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:AC (Air Canada)
4. TSX:SHOP (Shopify Inc.)

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