



TFSA Investors: 3 Top Stocks for July 2021

Description

TFSA investors have a lot of great stocks to choose from in July 2021. With the economy recovering and corporate earnings going higher, the markets are full of enticing opportunities. Sure, the rising market has pushed valuations higher. But it's worth paying a higher price for stocks when their earnings trajectories are improving. In this article, I'll explore three stocks worth looking at in July 2021.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is one of Canada's biggest energy companies. Its stock price got severely beaten down in 2020 when the COVID-19 pandemic took a bite out of its earnings. The pandemic led to a massive collapse in oil prices, which resulted in four consecutive net losses for Suncor. This year, things turned around. WTI oil prices went to \$73, and Suncor Energy's earnings predictably spiked.

In its most recent quarter, SU had \$2.1 billion in operating cash flow, \$746 million in operating income, and \$821 million in net income. It was a huge improvement over the prior year quarter, when the company *lost* \$3.5 billion. And the improvement should continue, as the economy recovers from COVID-19, perhaps sending Suncor's stock price higher.

Lightspeed POS

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) is a Canadian [POS/eCommerce company](#) that saw huge success during the COVID-19 pandemic. Like **Shopify**, another "COVID-19 winner" stock, LSPD offers an eCommerce platform that allows businesses to sell on their own self-hosted websites. Unlike Shopify, Lightspeed's "bread and butter" is not eCommerce. Rather it is retail POS systems (the systems that handle the cash register and payment processing at stores).

This positions the company well to thrive in the economic reopening from COVID-19, in which retail sales are expected to surge. We're already seeing this play out in the company's earnings. In LSPD's most recent quarter, it grew revenue by 127%, reduced its adjusted net loss, and increased GTV by

76%. Those are solid results, and they look poised to continue in the latter six months of the year.

CN Railway

CN Railway ([TSX:CNR](#))([NYSE:CNI](#)) is one stock that positively boomed after the COVID-19 [bear market](#). Despite seeing its earnings decline for the year, the stock ran up to all-time highs, at one point going to \$150. Since then, the stock has given up much of its pandemic gains. Trading for \$130, it's about 13.3% off its all-time high. Yet the company itself stands to grow and profit enormously in the year ahead. In the most recent earnings report, CNR's management revised the earnings estimate back up to double-digit growth.

As the economy recovers from the damage it took last year, CN's earnings should rise. And the stock price could rise as well. CN's weekly metrics are already showing high double-digit growth over the same period last year. That's to be expected, of course, as the pandemic resulted in lower shipping volumes and RTMs for CNR. Still, with 14.5% growth in carloads and RTMs, CNR's earnings for the current quarter should beat even 2019's numbers.

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2. NYSE:LSPD (Lightspeed Commerce)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:CNR (Canadian National Railway Company)
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