



3 Top Stocks for July 2021

Description

July 2021 is proving to be a slow month for stocks. The **S&P 500 Composite Index** is up just 1.15% for the month so far following a 2.3% gain in June. These returns look pretty dismal compared to the gains observed in the second half of 2020. On an annualized basis, they're pretty adequate, but nothing to write home about.

Which is all the more reason to invest right now. When stocks are down or sideways, you have the opportunity to accumulate them before they rally on the next big earnings release. In July, we've got a number of stocks set to release earnings near the end of the month. And some of them appear poised to do well. In this article, I'll explore three top stocks that are looking good ahead of their July 2021 earnings.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is the hottest stock in Canada right now. Up more than 5,000% since its 2015 Initial Public Offering (IPO), it has solidly outperformed all relevant benchmarks. SHOP had an incredible run in 2020. For the year, revenue was up 86%. For the quarters from Q2 2020 to Q1 2021, revenue growth always exceeded 90%.

The company put out positive GAAP earnings for the full year as well. It was a banner year for SHOP. And the solid results could continue from here. There'll probably be some post-COVID deceleration since retail stores have been re-opening. But management is signaling that they expect solid results.

Lightspeed

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) is another e-commerce stock like Shopify that grew exponentially in 2021. LSPD actually started out as a [retail POS company](#)—for that reason, its stock fell dramatically in the March 2020 COVID-19 market crash. However, the company's e-commerce offerings began surging in popularity in response to the forced retail closures.

As a result, the company posted some of its best revenue growth rates since going public in 2019. In the fourth quarter, Lightspeed's revenue grew by 127% year over year, and the adjusted net loss as a percentage of sales decreased. Overall, it was a strong quarter for Lightspeed. And on August 5, we'll get to see if the company is keeping it up in 2021.

Canadian National Railway

Last but not least, we have the **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)). CNR reports on July 20 and there are early signs that earnings will be solid. CN Railway's [weekly metrics page](#) shows carloads and revenue ton-miles (RTMs) up by the high double digits in the second quarter. That's only natural, because the COVID-19 pandemic reduced demand for the company's services in 2020.

But still, we're seeing enough growth here that CNR should be getting back to 2019 levels of revenue and earnings in short order. From there, it will be able to grow to new heights.

CNR stock behaved oddly in the first half of 2021. In late 2020, while its earnings were deteriorating, the stock raced forward to new highs. In 2021, while earnings were improving, the stock fell. It's not entirely clear why this happened, but it's possible that the company's recovery isn't proceeding as swiftly as investors had hoped.

Regardless, CNR has more than enough potential to surge back to \$150 if Q2 earnings beat.

CATEGORY

1. Dividend Stocks
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:LSPD (Lightspeed Commerce)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:LSPD (Lightspeed Commerce)
6. TSX:SHOP (Shopify Inc.)

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