3 Top TSX Stocks to Buy Before This Earnings Season Starts

Description

Investors seem to have turned cautious ahead of the upcoming earnings season. However, long-term investors can still take advantage of any short-term dip in some fundamentally good stocks.

Here are three top **TSX** stocks that long-term investors can keep a close eye on before their upcoming earnings events in July. I expect these companies' upcoming earnings to be better than analysts' estimates, and that could trigger a rally in their stocks.

Shopify stock

The popular Canadian e-commerce services provider **Shopify** (TSX:SHOP)(NYSE:SHOP) will report its second-quarter earnings on July 28. The company has a spectacular track record of beating Street analysts' consensus earnings and sales estimates. In the last four quarters combined, Shopify's adjusted earnings were about 125% higher than analysts' earnings expectations.

While its sales growth rate could decline a bit in the post-pandemic world, I expect the company to continue registering much higher-than-expected growth in its sales as well as earnings.

Also, Shopify stock hasn't seen much appreciation this year. It's currently trading with only 29.6% gains, despite a solid trend in its recent financials. That's why long-term investors may want to buy the stock before it starts rallying again.

Tourmaline Oil stock

Tourmaline Oil (TSX:TOU) is a Calgary-based crude oil and natural gas producer with a market cap of about $10 billion. Its stock is currently trading at $34 per share with solid 98% year-to-date gains.

In the March quarter, Tourmaline Oil's adjusted earnings massively improved to $0.83 per share compared to a net loss of $0.30 per share in the same quarter last year. Its latest quarterly earnings were also much higher than the expectation of $0.70 per share. Just like most other energy companies, Tourmaline Oil struggled last year with a sudden slump in energy products' demand due to the pandemic. Nonetheless, the company's earnings have more than doubled in the last couple of quarters combined.

With the help of stronger oil prices in Q2 and surging energy demand, Tourmaline Oil could continue to post solid earnings and revenue growth for the coming quarters. The company is expected to release its Q2 financial results in the final week of July.

CGI Group stock

CGI Group (TSX:GIB.A)(NYSE:GIB) could be another attractive Canadian stock to buy before it posts its June-quarter results on July 28. It's a Montreal-based tech services and consulting firm with a market cap of about $25 billion. This year, CGI's stock has underperformed the broader market, as it's currently trading at $114.49 per share with about 13.4% year-to-date gains against a 16.2% rise in the TSX Composite benchmark.

In the quarter ended in March 2021, CGI reported about a 7% YoY increase in its adjusted earnings to $1.35 per share. Its YoY earnings growth trend is likely to improve further in the coming quarters amid its expanding profitability. The company's adjusted net profit margin stood at 11.1% in the last quarter — stronger than 10.8% a year ago. In the last couple of quarters, the demand for CGI's new digital and modernization projects has risen sharply — especially in industries like retail and consumer services and financial services. Moreover, CGI's strong cash flow and its expanding margins could keep investors' confidence high and trigger a rally in its stock in the second half of 2021.

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:GIB.A (CGI)
4. TSX:SHOP (Shopify Inc.)
5. TSX:TOU (Tourmaline Oil Corp.)

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Date
2025/08/14
Date Created
2021/07/12
Author
jparashar