



3 Top TFSA Stocks for July 2021

Description

Markets are heading pretty much sideways in the month of July. The TSX is up just 0.13% for the month, and the major U.S. indexes are hovering around 1%. Following the heavy volatility of 2020, things have gotten a lot sleepier.

That makes this month a great time to invest in stocks. We're heading into earnings season, and a number of industries — airlines, hotels, and railroads — are just beginning to get over the damage they took from the pandemic. If their second-quarter earnings deliver, then they may see abrupt gains. In this article, I'll explore three stocks that could rally when they release earnings this month — all of which would be perfect additions to a well-diversified TFSA.

Canadian National Railway

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) is Canada's largest railroad company. Shipping \$250 billion worth of goods a year, it's a true cornerstone of the North American economy.

CN Railway has a lot of potential in July. Last year, when the COVID-19 pandemic was raging, its stock rocketed to a high of \$150. Despite the damage the company was taking from the pandemic, investors believed that it had strong potential in the ensuing recovery. This year, the stock actually declined in price. It now sits at \$131.

Clearly, investors weren't impressed with CN's first-quarter results. But the second quarter could be a lot better. Every week, CN Railway puts out "weekly metrics" on its website, and they're all up by double digits this quarter. This suggests that CNR will easily beat its second-quarter 2020 results and possibly beat analyst expectations as well.

Constellation Software

Constellation Software ([TSX:CSU](#)) is a [Canadian tech company](#) that has delivered absolutely phenomenal returns over the past 15 years. Since it went public in 2006, CSU stock has risen a

whopping 10,000% in the markets. That's thanks in no small part to a specific strategy its founder Mark Leonard has cultivated. Eschewing most venture capitalists' focus on "hot new things," Leonard seeks to acquire revenue-generating companies that share synergies with his existing businesses. It's not the most common way for tech investors to approach things, but it has clearly worked. Over the years, CSU has grown its revenue and earnings exponentially, and it may continue to do so in the future. Its most recent quarter was a miss, but that just means you have the chance to scoop it up before next quarter's earnings, which will likely be better.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is a Canadian energy stock that got severely beaten down in the COVID-19 pandemic. It ran four net losses in a row — including a \$3.5 billion loss in just one quarter — and saw its stock price decline 62% from top to bottom. It was a tough year. But in the first quarter, [Suncor began to come back to life](#). Thanks to surging oil prices, it was able to generate \$2.1 billion in funds from operations, \$746 million in operating income, and \$821 million in net income. It was solid quarter. And with oil prices having been even higher in the second quarter than in the first, it's quite likely to be bested in Q2.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:CSU (Constellation Software Inc.)
5. TSX:SU (Suncor Energy Inc.)

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