3 of My Favourite Canadian Stocks to Buy Today

Description

After economic growth expectations, quarterly earnings will be the next big cue for stocks. The numbers this season will most likely be quite robust compared to the pandemic-driven results of last year. Here are three Canadian stocks that could do well in this earnings season.

Canadian National Railway

The country's biggest railroad company **Canadian National Railway** (TSX:CNR)(NYSE:CNI) reported its Q2 2021 earnings on July 20. Its revenues for the quarter increased 12%, while the net income surged by a handsome 90% against last year. Strong export demand for commodities, from lumber to oil, drove the topline growth for the company.

Canadian National, a leader in a duopolistic railroad sector, operates 19,600 miles network in North America. It connects three key coasts: the Atlantic, the Pacific, and the Gulf of Mexico, its biggest competitive advantage. CN Rail's network could further expand if its proposed acquisition of **Kansas City Southern** receives a regulatory nod.

CN Rail's diversified revenue base, scale, and stable earnings make it an attractive long-term investment. In addition, CNR stock is currently trading at a notably cheaper valuation. A favourable output on the KCS acquisition front, which is expected to come in a few weeks, might send the stock notably higher.

Shopify

Early this year, it seemed like **Shopify** (TSX:SHOP)(NYSE:SHOP) has changed its course after its multi-year vertical rally. However, it soon proved everyone wrong. Notably, SHOP stock has soared 35% so far this year and is trading close to its all-time highs.

The recent optimism is quite evident given its quarterly earnings next week. The Canadian tech titan plans to report its Q2 2021 earnings on July 28.

Shopify's revenues doubled in the last 12 months as the pandemic and ensuing restrictions aided its topline growth. Investors expect similar growth in Q2 2021 as well, which could notably boost its stock. In addition, Shopify's large addressable market, growing share in retail e-commerce, and expanding product range could drive its growth in the long term.

Although long-term looks rosy for SHOP stock, rising inflation could weigh on it in the near term. How it plays post Q2 earnings depends on its topline growth and the management outlook for the future.

Air Canada

Canada's biggest passenger airline **Air Canada** (TSX:AC) will report its quarterly earnings on July 23. Analysts expect a 60% surge in its Q2 revenues compared to the second quarter of last year.

While pressure on the bottom line could continue as last few quarters, its cash burn rate could be the crucial driver for AC stock. Additionally, any announcement about increasing operating capacity to cater to the higher demand could also drive the stock higher.

Canada is gradually opening up its border for discretionary travel. This week, authorities announced that it would allow fully vaccinated U.S. travellers to enter Canada from August 9. This could be a start for air travel demand recovery and could ultimately boost the prospects of companies like Air Canada.

AC stock is up a mere 10% this year, notably underperforming Canadian stocks at large. However, expected higher demand post-pandemic could drive it notably higher in the next few quarters.

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:AC (Air Canada)
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Date
2025/09/11
Date Created
2021/07/21
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