



3 Stocks I'd Buy Before Next Week's Earnings

Description

It's that time of the year again: earnings season. Next week, plenty of Canadian companies are pulling the curtain on their results. Undoubtedly, this round of earnings could have the potential to be [great](#), as more evidence of a sustained [recovery](#) could make its way into the numbers.

In this piece, we'll have a look at three compelling TSX stocks I'd consider buying going into earnings. While the stakes are high going into a quarterly result, I think the valuations on the names presented in this piece are fairly decent at this juncture. For those looking to scale into a longer-term position, it may make more sense to buy half a position now and half after earnings, just in case a firm stumbles on the top or bottom lines or releases some downbeat guidance.

Without further ado, consider **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)), **Sun Life Financial** ([TSX:SLF](#))([NYSE:SLF](#)), and **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)). Each company is slated to reveal their latest earnings on August 4 after the close.

Manulife

It's a big week for the lifecos, and in terms of valuation, Manulife is arguably one of the cheapest of the batch. Undoubtedly, core earnings are expected to remain under considerable pressure due to the COVID-19 impact. As such, the earnings bar is relatively low for Manulife. If further evidence of a recovery in Asia finds its way into Manulife's numbers, I'd expect the stock could reverse after the last few weeks of excessive selling.

Indeed, the high-growth Asian business is one of the top reasons to own Manulife stock over its peers in the space. At just nine times earnings and 0.8 times sales, Manulife is a depressed play that may very well get the boost it needs post-earnings. If you're worried that the stock may take off without giving you a chance to punch your ticket, I'd look to do some buying before earnings.

Sun Life

Sun Life is also going into earnings with a very modest multiple. The stock trades at just one times sales and 12.8 times earnings. While pricier than Manulife, Sun Life has demonstrated it can sustain solid ROE numbers in Canada and the United States. While Sun Life has made an aggressive move into Asia, the market comprises a smaller (under 20%) slice of the net income pie. Still, over the longer term, I think it would be a mistake to count the segment out, even as nearer-term issues persist.

Going into earnings, all eyes will be on the asset management business. Although Manulife is a cheaper play, I think Sun Life's quarterly reveal could be very bright. Between Sun Life and Manulife, though, I think Manulife is a better value.

Waste Connections

Finally, we have a firm that turns trash into cash revealing its earnings after an impressive 22% run thus far in 2021. Indeed, the bar is set high for the trash collector, but I think Waste Connections can pole vault over expectations, as consumption trends (which is correlated to the amount of trash generated) increases.

With shares trading at 5.9 times sales, WCN is probably the riskiest of the three stocks on this list to buy before earnings. That said, I'd still look to initiate a partial position before next Wednesday's close. Why? Many analysts are upgrading their price targets on the name over the past few weeks. Undoubtedly, the macro picture looks good going into the big reveal.

So, if you fear missing out on a winner that keeps on winning, I'm not against accumulating shares before what could be a solid number.

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2. NYSE:WCN (Waste Connections)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:SLF (Sun Life Financial Inc.)
5. TSX:WCN (Waste Connections)

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Date

2025/06/30

Date Created

2021/07/29

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