



2 Hot TSX Stocks to Watch as They Report Q2 Earnings This Week

Description

After reopening hopes, quarterly earnings are the bigger cues for stocks in the short term. While the earnings season has been quite cheerful so far, how long it fuels the rally remains to be seen. Here are some of the popular TSX stocks that could change course after their Q2 earnings this week.

Cineplex

Cineplex ([TSX:CGX](#)) stock saw steep a correction recently, losing more than 25% since last month. Along with reopening fears due to the Delta coronavirus variant, valuation concerns amid its uncertain recovery weighed on the stock. The theatre chain operating company will report its Q2 2021 earnings on August 12.

The company will likely continue to see a significant drop in revenues and earnings driven by the pandemic-related restrictions. So, the stock might not move on that. However, its cash position will be important to watch, and that should be a bigger driver for the stock. It burnt \$80.5 million cash in Q1 2021 compared to \$74.3 million in Q4 2020. Its deteriorating liquidity position could bother discerned investors.

The vaccination percentage is increasing, which will accelerate reopenings in Canada in the next few months. However, how quickly moviegoers return to theatres after getting used to OTT platforms amid lockdowns will be interesting to see.

Many of us are eagerly waiting to hit the theatres once again after so many months, which could help its top line in the next few quarters. However, the pandemic has done enormous damage to Cineplex's balance sheet, and it could take a while for the stock to return to grace.

Hut 8 Mining

Canadian digital asset miner **Hut 8 Mining** ([TSX:HUT](#)) plans to report its Q2 2021 earnings on August 12. Hut 8 stock has rallied a stupendous 550% in the last 12 months, notably beating [Canadian stocks](#)

at large. It remains to be seen if its upcoming quarterly earnings drive the stock further higher.

Hut 8 is a billion-dollar Bitcoin mining company that has an industry-leading mining capacity. It is sitting on a handsome 3,806 self-mined Bitcoin [inventory](#) as of July 2021 — the highest among any other publicly traded companies globally.

The most popular cryptocurrency, Bitcoin, traded at elevated levels during the second quarter. This could help the company's top line in an upcoming release. Additionally, after months of weak performance, the leading crypto has again started marching higher recently. Bitcoin has soared almost 45% since last month and is currently trading at \$46,202.

Interestingly, improving efficiencies allow Hut 8 Mining to mine more coins with reduced costs. Late last year, the company used to produce approximately seven Bitcoin per day, while it aims to produce 20-22 Bitcoin per day in Q4 2021. Rallying crypto and higher production will certainly be a healthy combination for the company's earnings.

Hut 8 stock looks expensive from the valuation standpoint given its price-to-sales ratio of 10 at the moment. However, investors looking to bet on Bitcoin can consider this mining stock for a relatively [better risk/reward prospect](#).

CATEGORY

1. Coronavirus
2. Investing

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2. TSX:CGX (Cineplex Inc.)
3. TSX:HUT (Hut 8 Mining)

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