3 Hot Canadian Stocks on a Breakout

Description

The second-quarter earnings season has been quite encouraging so far and has underlined the firm recovery. The momentum in the stock market could continue, driven by solid financial growth for the next few quarters. Here are three top Canadian stocks that recently broke above their usual range. These three offer decent growth prospects in the short as well as in the longer term.

Nuvei

Canada's fast-growing fintech player **Nuvei** (TSX:NVEI) saw a breakout recently after its superior Q2 performance. The stock is up a massive 185% since last September, beating even top growth stocks by a wide margin.

Nuvei has been quite aggressive since its IPO last September. Notably, the e-commerce segment has substantially contributed to its organic growth. Its revenues grew by a strong 114% in Q2 2021 against the same quarter last year. At the same time, the company's net income surged to US$39 million in Q2 2021 against US$14 million in Q2 2020.

Nuvei's extensive geographical presence, scale, and diverse verticals could bode well for its earnings growth in the long term. Along with providing conventional payment gateways to merchants, the company also caters to sports wagering and cryptocurrency platforms.

After a strong Q2, the management has increased its guidance for 2021. This could further boost investor sentiment and fuel the stock higher.

Cineplex

Canada's popular theatre chain operating company **Cineplex** (TSX:CGX) reported its Q2 2021 earnings on August 12. CGX stock surged 7% on August 12, despite widened losses.

Cineplex's revenues almost tripled during Q2 compared to Q2 2020. While the company could take a while to turn back to being profitable, reopening hopes have notably cheered investors, at least for now. It announced that on July 17, the entire chain of Cineplex theatres started operating. That means Cineplex could see even steeper revenue growth in Q3 considering loosening restrictions in the country.

However, Cineplex continued to burn a massive amount of cash during the quarter. Its net cash burn came in at $72 million during Q2 2021. Notably, it came down from $27 million per month in Q1 2021 to $24 million in Q2 2021.

Cineplex operating with full capacity and patrons returning are undoubtedly some of the positive factors for the company. However, how fast it can turn profitable and plug the cash burn remains to be seen.

Orocobre

After trading rangebound around $6 for months, lithium miner stock **Orocobre** (TSX:ORL) broke out this month. The stock is currently trading at $9 and is up more than 210% in the last 12 months.

Orocobre is a $3 billion Australia-based lithium carbonate supplier. The demand for lithium carbonate substantially increased in the last few years, mainly due to massive investments in the EV space.

It produces both EV-grade and industrial-grade lithium carbonate in its marker Olaroz facility in northern Argentina. It is also building a lithium hydroxide plant in Japan in partnership with Toyota Tsushe Corporation.

Orocobre and peer Galaxy Resources announced their merger in April this year to create the fifth-largest lithium chemicals company globally. Interestingly, an EV boom is to stay here for the next decade, and Orocobre looks well placed to cater to the swelling demand.

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