



2 TSX Stocks to Watch as Earnings Season Heats Up

Description

Earnings season is starting to heat up. And there are many TSX stocks worth watching in the weeks ahead. As usual, the big U.S. FAANG stocks will dominate headlines, as third-quarter earnings roll in. But Canadian markets feature plenty of top stocks that are worth watching as well. In this article, I will explore two TSX stocks to watch as third-quarter earnings season heats up.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is Canada's biggest tech stock and the biggest publicly traded company overall. It is scheduled to report earnings on October 28.

SHOP's earnings release will likely be the most exciting to come out of Canada for the third quarter. This is, after all, Canada's biggest company. More importantly, it's a [Canadian e-commerce giant](#) that some think has the potential to hit a \$1 trillion market cap.

In order to join the trillion-dollar club, SHOP is going to have to keep cranking out that red-hot revenue growth that investors have come to know and love. In the third-quarter earnings release, we'll see many key signs:

- Revenue
- Industry-specific e-commerce metrics like gross transaction volume (GTV)
- Various profit metrics like operating income, adjusted earnings, GAAP earnings, etc.
- Whether or not there is major post-COVID deceleration
- And more

This is a pretty important earnings release for SHOP. It will pretty much tell us whether or not the end of the COVID-19 pandemic will cause the company's growth to slow. SHOP [benefitted from COVID-19](#) rather than being harmed by it, because the pandemic led to a surge in online shopping. Some think the company's growth will slow when COVID is in the rearview mirror. In the third-quarter release, we'll get to see whether that's the case.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is one of Canada's biggest integrated energy companies. It releases earnings on October 27. In the earnings release, we'll get to see how much the rising oil and gas prices have benefitted SU.

Make no mistake — Suncor IS going to post massive growth in revenue this quarter, and probably in profit as well. The company's sales numbers are a direct function of oil prices, and oil has been absolutely flying lately. Even the second-quarter oil prices were enough to support over \$2 billion in free cash flow, \$722 million in operating income, and \$868 million in net income. Since then, prices have gone far higher. So, Q3 is going to be a blockbuster quarter for Suncor. The only question is how big of a blockbuster it will be.

Foolish takeaway

This earnings season, Canadian investors have got a lot to look forward to. As usual, the big U.S. tech names will steal the show, but we've got our own rising tech giant in the form of Shopify. It's an exciting time to be invested in Canadian equities. In the weeks ahead, it may get even more exciting.

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Date

2025/07/21

Date Created

2021/10/21

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