



What to Watch for in the TSX Today

Description

Following a slow Friday where the **TSX Composite Index** closed at 21,216.15 level (up 0.02%), sustained growth in oil and natural gas prices during European trading hours could further strengthen Canada's energy sector valuation on Monday to allow the TSX a good chance for a positive Monday. The Western Texas Intermediate (WTI) oil benchmark had gained 2.8% to US\$84.82 per barrel at the time of writing on Monday morning. Given extensive exposure to energy on the TSX, we could have a good start to the final trading week of October.

The third-quarter earnings season goes into high gear this week. However, there are a few notable quarterly financial results releases due on Monday, October 25, 2021. Let's have a quick look.

TSX companies to watch today

Watch Restaurant Brands stock on Monday

Restaurant Brands International ([TSX:QSR](#))([NYSE:QSR](#)) stock investors may expect third-quarter revenue of \$1.52 billion to show a 13.8% year-over-year growth in Monday's earnings release before markets open. Analysts project a sustained same-store sales growth of 11.4% to power revenue and earnings growth forward. However, EBITDA margins could shrink from 42% last year to 39.8%, as operating costs increase in a tight labour market. However, projected normalized earnings per share of \$0.92 show stable 2% annual growth. Of note is the company's renewed share-repurchase program in August, which targets repurchases of up to US\$1 billion worth of QSR common stock over the next two years. The company promised to provide updates in quarterly filings and in insider reports.

This energy royalty company could grow cash flow

PrairieSky Royalty ([TSX:PSK](#)) is an energy stock to watch, as the company releases its third-quarter earnings results after markets close on Monday. The \$3.5 billion royalty-focused company is enjoying growing royalties on petroleum and natural gas production on its properties, as leasing activity expands with increasing energy industry profit margins made possible with higher oil prices. Market

expectations are that PrairieSky will report a 38% year-over-year increase in Q3 revenue to \$60 million. Normalized earnings per share could surge by 238% to a three-year record of \$0.14. Both movements and associated growth in free cash flow generation should support a recent 38% dividend increase. PSK targets paying down its debt to zero by the end of 2022. Perhaps there could be some progress towards that milestone in the upcoming quarterly results installment.

Watch Celestica stock

United States-based electronic manufacturing services company **Celestica** ([TSX:CLS](#))([NYSE:CLS](#)) could report another 4% decline in quarterly revenue to US\$1.49 billion today. However, normalized net income could grow by 1.2% to US\$0.32 per diluted share. Analysts see stronger gross margins, lower interest expenses, and lower depreciation and amortization charges. These will be pivotal to the company's better bottom-line performance. Most noteworthy, back in July, the company gave guidance for a third-quarter revenue range of US\$1.4 billion to US\$1.55 billion and expected to report an adjusted operating margin of 4% — the highest quarterly operating margin in 20 years. Margin expansions could result in higher price-to-earnings (P/E) multiples and higher share prices.

Last trading day for dividend investors

Today is an ex-dividend date on several classes of **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) preferred stock tranches. Anyone looking for stable income yields from a reputable financial giant in November may want to check RY's preferred shares before they go ex-dividend today.

Canadian economic calendar on Monday

Canada's preliminary month-on-month wholesale sales report for September 2021 is due at 8.30 am on Monday. The reading grew for the first time in three months to 0.3% in August. Building materials & supplies, food, beverages & tobacco, miscellaneous products jumped 2.9%, while combined numbers for other sectors contracted by 2.1%. Growing wholesale sales could indicate sustained economic growth in the Canadian economy.

There will be a Three-Year Government Bond Auction on Monday. The previous yield rate was 0.668%. The auction follows a 10-Year Bond Auction conducted on Thursday last week where the coupon rate increased from 1.446% previously to 1.726%. Yes, interest rates are already rising in Canada, and bond rates will reflect inflation expectations, to some extent.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CLS (Celestica Inc.)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:CLS (Celestica Inc.)

4. TSX:PSK (PrairieSky Royalty Ltd.)
5. TSX:QSR (Restaurant Brands International Inc.)

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