



2 Big TSX Stocks That Zoomed After Q3 Earnings This Week: Should You Buy?

Description

Tech and energy sectors have been dominating broader markets for quite some time now. This was again highlighted when two TSX stocks pulled the index up on October 28. Tech giant **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) rose more than 7%, even after missing Q3 estimates, while energy titan **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) jumped 13% yesterday after doubling dividends.

Let's see whether there is any steam left in these Canadian bigwigs.

Shopify

Shopify broke its quarterly earnings beat streak this time. It missed analyst expectations on both revenues and earnings front. It reported total revenues of US\$1.12 billion for the quarter ended on September 30, 2021, registering a decent 46% year-over-year growth.

Shopify has been one of the fastest-growing companies in the world and has managed to grow its revenues by 67% on average. It reported an adjusted net income of US\$102.8 million in Q3 2021 against an income of US\$140.8 million in Q3 2020.

Interestingly, SHOP stock remarkably soared, despite missing the estimates. The stock touched an intraday high of \$1,850 and rose 7% to end the day. It is up almost 25% this year, marking a comparatively dull year relative to its historical performance.

Shopify [sees](#) inflation and supply chain issues hampering consumer spending in the short term. The issues may bring down its overall annual sales of 2021 compared to the last year. However, I think it is still a great long-term bet for growth investors given its innovative product portfolio, growing merchant base, and strong balance sheet.

SHOP stock continues to look overvalued from the traditional means, and it likely always will be. I think the premium is justified considering the [growth prospects](#). Shopify will likely continue to outperform in the long term, despite the valuation concerns.

Suncor Energy

Suncor Energy management rewarded shareholders by doubling their quarterly dividends to \$0.42 per share. Superior earnings growth and higher dividends sent the Suncor stock to its annual highs, breaching \$32 levels this week. SU stock has been a laggard this year, but the recent surge has notably narrowed the gap compared to peers.

The dividend hike came after Suncor Energy witnessed stellar financial growth in the latest reported quarter. Its revenues for the third quarter jumped 59% year over year. Its net income for the quarter zoomed to \$877 million against a loss in the year-ago period. As the contribution from its downstream operations grows in the next few quarters, its earnings will likely boost even higher.

Suncor Energy's quarterly earnings growth has been much on the expected lines. Crude oil prices have more than doubled this year compared to 2020 on increased demand amid reopening economies. We might see many [energy companies](#) reporting tall earnings growth in the coming weeks. Importantly, energy commodity prices are expected to rally even higher with plateauing supply and increasing demand.

Notably, SU stock now trades at a forward dividend yield of 5% — one of the highest among peers. The stock also looks attractive from the valuation standpoint after the earnings bounce back in Q3 2021. Its strong balance sheet, scale, and integrated operations make it a strong bet for long-term investors. Suncor Energy mainly looks appealing after its dividend hike and improving global energy markets.

CATEGORY

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TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:SHOP (Shopify Inc.)
4. TSX:SU (Suncor Energy Inc.)

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Date

2025/07/21

Date Created

2021/10/29

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