



2 Oversold Financial Stocks That Are Worth a Look This Week

Description

On July 10 the United States announced its most aggressive round of tariffs yet on Chinese goods — one worth \$200 billion. This move shook financial markets in Canada as well as south of the border. In the same week, President Trump also threw jabs at Germany over its gas deal with Russia and the future of the NATO partnership. Trade war rhetoric has intensified in 2018 and investors should not expect this to abate ahead of the U.S. midterms in November.

What does this mean for the TSX? Some of the top portfolio managers and economist in Canada were [optimistic about a potential rally](#) back in April. Indeed, the index went on an impressive tear from mid-April to June, but anxiety over global trade tensions has ushered in a return to volatility.

Investors betting on moderation from President Trump and his administration in the latter half of 2018 may be playing a risky game. The imposition of auto tariffs have the potential to send markets into a tailspin. Economic conditions remain quite positive in the U.S. and Canada and have inspired rate hikes from the Federal Reserve and the Bank of Canada.

The TSX has historically performed well in the second half of the year. For those confident in a rally in 2018, let's look at two financial stocks that could soar in the coming months.

CI Financial Corp. ([TSX:CIX](#))

CI Financial is a Toronto-based company that provides wealth management products and services. Shares of CI Financial were down 19.5% in 2018 as of close on July 11. The stock is currently hovering around 6-year lows, and the company is expected to release its second-quarter results in early August.

In the first quarter, CI Financial saw average assets under management rise 19% from the prior year to \$141.8 billion. CI Financial assets benefited from the great market performance in 2017, which was powered by the promise of U.S. tax reform. The Trump administration managed to deliver on that promise in December of last year. Net income climbed 9% to \$159 million and earnings per share rose 7% to \$0.59.

We talked about the low price of CI Financial stock, but its dividend is also quite attractive. In Q1 the board of directors announced a monthly cash dividend of \$0.1175 per share, representing a 5.9% dividend yield.

Manulife Financial Corp. ([TSX:MFC](#))([NYSE:MFC](#))

Manulife Financial is a Toronto-based company that provides insurance and wealth management services. Shares were down 10.6% in 2018 as of close on July 11. The company has benefited from its [expansion into Asia](#), where a booming middle class has become a lucrative target for the insurance and wealth management business.

Manulife is expected to release its second-quarter results late this month. In the first quarter, net income climbed 2% year over year to \$1.372 billion, or \$0.67 per share. Earnings were boosted by U.S. tax reform and continued strong growth in Asia. The company also announced a quarterly dividend of \$0.22 per share, representing a 3.6% dividend yield.

CATEGORY

1. Investing

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3. TSX:MFC (Manulife Financial Corporation)

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