Addicted to News? Add Bombardier (TSX:BBD.B) Stock to Your War Portfolio

Description

News addicts of Canada, here's a stock suggestion for you: **Bombardier** (TSX:BBD.B). If you've been following recent developments in the Middle East, you may be of the opinion that all is not looking so rosy there, especially when it comes to oil routes. While it makes sense to hold oil-weighted stocks for the same reason, it may be time to add some military stocks to your war portfolio as well.

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Let's see what kind of market fundamentals are on the military investment radar today, and see who else besides domestic aviation stock Bombardier is requesting permission to land.

Bombardier is looking like a dodgy stock today

Bombardier is discounted by over 50% compared to its future cash flow value, but that's one of very few indicators of value you'll get for this stock today. A loss-making company with negative assets, all three of this stock's usual market fundamentals that we comb through are illegible today, including the P/E, PEG, and P/B ratios.

A 49.5% expected annual growth in earnings is pretty exciting at first glance, though seeing that Bombardier has negative shareholder equity (in other words, its liabilities exceed its assets) is bad news, though this should have been obvious from its negative P/B ratio — bad sign indeed and one that may override both its deep discount and annual earnings outlook.

Is this American alternative a better quality stock?

Value investors should probably consider adding Bombardier's competitor **Boeing** (NYSE:BA) to their war portfolios instead. If things go bad to worse, stock in this U.S. defense and military super stock will skyrocket, and domestic investors wanting to war-proof their holdings are going to want to be there when it does.

Discounted by 28% compared to its future cash flow value, Boeing is in greater demand than its Canadian cousin. A P/E of 21.6 times earnings is acceptable, if not fantastic, while a PEG of 2.2 times growth is at least readable. The P/B ratio is even messier than Bombardier's, though, with Boeing likewise having negative assets.

A 9.9% expected annual growth in earnings isn't as giddy as Bombardier's, but feels rather more safe and reassuring, if either of those words can comfortably be applied to a military hardware stock. A dividend yield of 1.97% automatically raises the quality level of this stock above Bombardier's.

While both stocks listed above look, on the face of it, to be good value, they are both rather risky plays if you take into account those negative P/Bs – or at least they would be if they weren't both quite so important to the aviation and military infrastructure of the Western world.

The bottom line

Consider Boeing and Bombardier as speculative war plays, along the lines of a FAANG, blockchain, or marijuana investment, albeit cheaper and potentially more vital and serious when it comes to the real world. Should war break out in the Middle East, both of these stocks may well improve, adding considerable upside. Think about adding oil-weighted energy stocks for a fully-rounded war portfolio; after which, turn on the radio, make sure your torch has batteries, and hide under the table.

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2. TSX:BBD.B (Bombardier)

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