Boeing (NYSE:BA) Stock Is Still Nowhere Near its 52-Week Low

Description

Taking a look at the share price for one of the NYSE's biggest aerospace tickers this week shows just how quickly shareholders can react to bad news. But let's see whether there is any serious danger in the affected stock and ascertain whether a Canadian counterpart is in fact the risky play it's sometimes made out to be.

Boeing (NYSE:BA)

Down 11.66% in the last five days, a newshound might have expected more of a decline; however, Boeing is, in fact, still trading closer to its 52-week high than its 52-week low.

Offering a dividend yield of 2.18% and backed up with a 10.2% expected annual growth in earnings, Boeing is an overvalued stock that nevertheless displays some decent quality in its statistics. A one-year past earnings growth of 23.7% complements a five-year average of 16.7%, for example, while its past-year ROE is almost unfeasibly high.

According to the best available data, Boeing insiders have only sold shares in the last three months — a trend that has persisted throughout the past year. Meanwhile, it's a toss-up whether would-be investors should be more spooked by its debt level or its P/B ratio. It should be noted, however, that this debt is well covered by the company's operating cash flow, while a P/E of 20.9 times earnings at least shows some normality in terms of share price.

Bombardier (TSX:BBD.B)

Down 1.04% in the last five days, the TSX index's answer to Boeing is a somewhat milquetoast equivalent. From a five-year average past earnings growth of 6.3% to a valuation that looks positively pedestrian next to its American counterpart, this "risky" stock is, in fact, expecting a significantly high 39.1% annual growth in earnings, making for a moderately solid buy.

Bombardier's P/E of 21.3 times earnings is illustrative of acceptable value; however, since it has negative assets, their value cannot be compared to the Canadian aerospace and defence industry average. That said, a PEG of 0.5 times growth and undervaluation by about five times the future cash flow value give potential buyers something to think about.

Enbridge (TSX:ENB)(NYSE:ENB)

Often touted as one of the more defensive tickers on the TSX index, Enbridge isn't without its creaking cupboard doors and potential skeletons therein. Look at a debt level of 88.7% of net worth, for instance. While not stratospherically high, the best available data shows that this debt is not well covered by operating cash flow, nor are interest payments well covered by earnings; interestingly, Boeing therefore appears healthier even than one of our own "all-weather" stocks.

Nothing terribly exciting is going on with Enbridge's valuation, with a P/E of 33.7 times earnings and P/B of 1.6 times book indicating neither a particularly good time to buy or sell. A five-year average past earnings growth of 33% makes up for a slightly negative past 12 months, while a dividend yield of 6.01% remains the best reason to buy and hold. Indeed, Enbridge's payments have increased and remained stable over the last 10 years.

The bottom line

While financials arguably offer a better defensive play than utilities, the latter are necessary for diversification in a long-term portfolio; however, by looking deeper into one of the most representative energy plays on the TSX index, it would appear that even some of the most "dangerous" stocks have some characteristics in common with some classically stable tickers.

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