This Stock Is an Embarrassment, and You Should Buy it Right Now!

Description

It's important to take a step back once in a while, take a hard look at the stock market, and remember one thing: the market is run by humans.

Sure, there are programs and even artificial intelligence running a lot of it, but when it comes to what's moving the market up or down, it's human investors. And humans are emotional.

That's why when a financial report comes out that isn't ideal, investors can panic. People can sell stocks as they see others doing the same, when really it might be better for them to wait out the storm.

But this also creates an opportunity when it comes to great stocks, such as Canada's top banks. Canadian banks are some of the best in the world, even during a market disaster. Take, for example, the Great Recession. Canadian banks were seen as performing the best in the world after the recession, rebounding quicker than many counterparts. This makes Canadian banks an ideal addition to your Tax-Free Savings Account (TFSA), so you can buy and forget these stocks for decades and just know that even after a dip, they'll rebound back to where they were in no time.

That's why analysts are now taking a hard look at what happened recently with **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM).

CIBC reported its second-quarter results, and analysts weren't impressed. After trading at around $112, the stock has fallen about 8% in the last month to where it is at the time of writing at $103 per share. CIBC reported its profits fell 2.4% during the quarter due to a slowdown in consumer banking and pressure from domestic mortgages. The fact that its mortgage book fell for two straight quarters caused a panic, especially as analysts worry a housing crisis is in their midst, causing a sell off given CIBC has the largest exposure to Canada's mortgage market.

But if you look beyond the housing market and think long term, CIBC deserves a lot more credit. The bank recently made a US$5 billion acquisition in the United States that should help the company diversify. These U.S. operations are doing well, and should help ride out any housing storm that might occur.

So, while earnings might have been flat, they haven't sunk this bank, leaving investors with a prime opportunity to get in while the stock is so cheap, with a P/E ratio of 9.07. CEO Victor Dodig continues to believe that after this year, "Longer term, the execution of our strategy will allow us to deliver on all of our financial targets over time, including out medium-term EPS growth of 5-10%."

Foolish takeaway

Investors shouldn't be scared of CIBC but thrilled to get in at a low price. In the next 12 months, analysts believe the stock should rise to $130 per share, near its all-time high last September. That means an increase of 26% in share price and, in the meantime, taking advantage of a strong dividend of 5.46% at the time of writing, making this the perfect stock to buy and hold for decades.

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