



## Banking on Yield: 2 TFSA-Worthy Banks With Yields of 5.5% to Buy Right Now

### Description

The Canadian banks have fallen on [hard times](#). If you consider yourself a deep-value investor and are looking to bag a bargain, it can't hurt to look at the highest yielders. You can have big income, a low price of admission, and the potential for large capital gains. That sounds like a great deal to me.

Although such "roughed-up" banks come with their fair share of "baggage," deep-value investors who are willing to hold onto this baggage may have a lot to show for it after the dust has a chance to settle. Coincidentally, both bank dogs that I'm about to bring to your attention are being shorted by Steve Eisman, the man behind the big short, who's incredibly bearish on Canada's big banks as they move into the next phase of the credit cycle.

Without further ado, meet your Dogs of the Canadian Banking Sector!

### CIBC

It's the bank stock that talking heads love to trash on national television! **CIBC** ([TSX:CM](#))([NYSE:CM](#)) is no stranger to the limelight, and with shorts doubling down on their bearish theses at a time when provisions and expenses are rocketing higher, it takes a true contrarian to step in and go against the grain with "Canada's most unloved Big Five bank."

With a dividend yield of 5.4%, the close to the highest it's been in recent memory, CIBC stands to reward its income-savvy investors with a little more yield while it's down in the ditches. Now that the bar has been lowered by analysts across the board, however, I do foresee a scenario where a mediocre quarter can lift the stock up such that the yield falls below the 5% mark.

As such, investors should step in today and lock in the 5.4% yield as shares remain above the \$100 level of support. CIBC shares are dirt cheap, and the whole "ill-preparedness for the credit cycle" story has been blown completely out of proportion by Eisman and many other shorts who can't seem to stop appearing on TV to talk up their books and talk down the banks.

## Laurentian Bank

Up next, we have another bank that's being shorted by Eisman. The Quebec-based **Laurentian Bank** ([TSX:LB](#)) is a name that's been in a world of pain, well before most other banks have fallen into the gutter. Just over a year ago, Laurentian found itself in the middle of a mini-mortgage crisis for which it had nobody to blame but itself.

Back in December, when the stock had a yield north of 7%, I recommended investors buy the stock, but now the stock is more expensive given the baggage and the weak macro environment, I'd take a raincheck on the name at 10.85 times trailing earnings.

The 5.8% yield looks attractive, but I think CIBC is a better far [better](#) bank for your buck, at least for now.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)
3. TSX:LB (Laurentian Bank of Canada)

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