A Cheap Dividend Stock for Your TFSA

Description

Monday was a disaster for stocks, as the trade war may have turned into a currency war with China's devaluation of its currency in response to Trump's latest slate of tariffs.

That said, it's easy to hit the sell button, Foolish investors realize that doing well in the market depends not on timing the market, but *time* in the market. And although time spent in the market these days will be more painful, it's important to remember that stocks aren't mere symbols and numbers that move based on the words or actions of either President Trump or Xi.

Many of the stocks that got clobbered over the last few trading sessions have absolutely nothing to do with the Chinese market (or the U.S. market for that matter).

While the U.S. and Chinese economic weakness will undoubtedly cause a chain reaction that'll be felt across the global markets, I do think many TSX stocks are being treated as a baby that's being thrown out with the bathwater.

If you're looking to give your TFSA a market-beating edge, you'll have to go against the grain and pick up shares of unfairly beaten-up securities. That means buying when everybody else is selling.

As everybody acts on raw emotion, the degree of market efficiency will be temporarily lowered, and those of us who can keep our cool will be the ones that will end up coming out on top when it comes time to be bullish again for whatever reason (a more dovish Fed in response to China's currency devaluation, or "progress" in future talks between Trump and Xi).

Consider **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM), an example of a stock that shouldn't sell-off on the latest escalation of the tit-for-tat spat, but will likely do so anyway.

CIBC is a domestic bank at heart with a small, growing U.S. business. The bank is trading at around eight times forward earnings thanks to issues experienced on this side of the border and the credit decay that arrived with the maturation of the credit cycle.

The geopolitical turmoil is bad news for the global economy, but CIBC has more pressing issues on its hands. It appears as though CIBC has fallen so far that there isn't much else that could bring shares much lower.

The bank has a history of shooting itself in the foot, and given today's severely depressed valuations; it appears that investors are already bracing themselves for the worst.

Despite having minimal exposure to the U.S. and China relative to its bigger brothers, CIBC will likely still witness a sell-off with its Big Five peers because it's the one bank stock that investors love to hate.

Over the coming weeks, I suspect that CIBC will be the baby that'll be thrown out with the bathwater as the appetite for equities begins to fade as uncertainties mount.

The stock may soon sport a 6% dividend yield after the next market-wide purge, so if you're looking for a top name to pick up in the upcoming sale, look no further than CIBC: Canada's most underrated and undervalued bank.

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