Should You Buy Suncor Energy (TSX:SU) or CIBC (TSX:CM) Stock Today?

Description

The correction in the stock market is starting to provide buy-and-hold investors with opportunities to scoop up some top stocks at attractive prices.

Let's take a look at **Suncor Energy** (TSX:SU)(NYSE:SU) and **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) to see why they might be interesting picks for your portfolio.

Suncor

Suncor trades at close to $37 per share compared to $54 at this time last year.

Oil prices have pulled back amid ongoing fears that the trade war between the United States and China could push the global economy into a recession. This would normally dampen demand for oil, so the market is selling the commodity down ahead of those expectations.

As we all know, sentiment in the energy sector can change quickly. A new trade agreement, a Brexit deal, or news from OPEC that it intends to cut supplies could all trigger a sharp rally in the oil market.

Despite the downturn, Suncor continues to generate solid results. The Q2 numbers came in at record levels, supported by rising production at new facilities and the contributions from the refining and retail divisions.

Suncor's integrated business model provides stability when the energy markets hit a rough patch. The downstream businesses serve as a hedge against weaker margins on the production side.

Suncor often uses weak times in the oil market to add strategic assets, and more deals could be on the way if oil prices continue to slide in the coming months.

The board increased the dividend by nearly 17% for 2019, and investors should see another generous hike in 2020. Suncor has raised the payout for 17 straight years.

Investors who buy today can pick up a 4.5% yield and get paid well to wait for the next rally to occur in the oil sector.

CIBC

CIBC reported fiscal Q3 2019 results that beat analyst expectations. The solid quarter came as a relief amid concerns the broader Canadian banking sector might be facing stronger headwinds than anticipated.

CIBC is more exposed to a downturn in the Canadian economy than its larger peers due to its heavy reliance on residential mortgages. The steep slide in mortgage rates this year should help reduce default risks for homeowners who have to renew. At the same time, lower rates will provide an opportunity for new buyers to get into the action.

Provisions for credit losses are increasing, and investors will have to watch for signs of borrowers starting to get into trouble on a larger scale. For the moment, the economy and employment levels are holding up well.

CIBC remains very profitable and has a strong enough capital position to ride out a downturn. The board just increased the dividend, so there can't be too much concern about the revenue and profit outlook.

Investors can pick up an attractive 5.7% yield right now with a shot some nice gains on the next upswing in the market.

The bottom line

Suncor and CIBC are top-quality companies that continue to generate strong results and are raising their dividends. At this point, both stocks appear oversold, so I would probably split a new investment between the two names.

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