TFSA Users: 2 TSX Stocks Screaming One Loud "Buy" Signal

Description

Investors have their strategies and preferred tools for evaluating and comparing different stocks. Some prefer technical analysis, while prefer the fundamentals. Your choice stock evaluation method might change if you are looking for long-term investments or short-term trading.

Value investors with TFSA might lean more toward the fundamentals of a stock. But you might choose to augment your decision with technical analysis as well because these two don't often align.

When they do, you'd better hear that buy signal. **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) and **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) are two stocks that are sounding out the signal now.

Fifth in line to the throne

At $57.6 billion, his imperial majesty CIBC is fifth in terms of market cap among the Big Six. But even if it doesn't take the crown of magnitude, its dividend yield is definitely aristocratic.

CIBC has the highest yield in the banking sector: a juicy 4.9%. The bank hasn't once decreased its payouts since 1997. In terms of earnings per share, CIBC also stands ahead of the banking sector, at 11.41.

Similar to the overall banking sector of the country, CIBC is very stable. The bank's market value increased by just 8.3% in the past five years. Despite its slow growth, its high dividend yield and history of growing dividends make it ideal for TFSA holders.

The bank's trailing price-to-earnings ratio of 10.11 is the lowest in the sector, and a price-to-book of 1.47 is also in fourth place, which means that $115.4 per share, CIBC is relatively undervalued.

If look at the technical patterns, they are all screaming a loud "buy" signal, especially the moving averages. It might be high time to consider gracing your TFSA with this dividend aristocrat.

A telecom company

Shaw Communication is a telecom company that often gets lost in the shadow of the giants in the sector, despite its market cap of a decent $14 billion. The company has shown more than 8% growth from the same time last year and offers a good yield of 4.38%.

The company stands on solid ground. It has a beta of 0.75, which is much closer to one than its competitors. It’s ready to take advantage of the 5G arrival in the country and it has an all fiber-optic networking web. The company looks poised for the future and prepared to leap out of obscurity.

Luckily for investors like yourself, the market value of the company isn’t reflecting on its future potential right now. After an abnormally high surge in the price-to-earnings ratio of the company in the first half of this year, it has finally settled down to a forward price-to-earnings of 17.81.

Its price-to-book ratio of 2.33 and PEG ratio of 3.84 is also low compared to the sector, marking the company as undervalued.

Foolish takeaway

A TFSA is an excellent instrument for compounding your wealth. While your eyes are on a far-away prize, you might forgo value investment in favor of a higher yield.

Spotting undervalued stocks with a decent return is a rare opportunity, however. If you pick the right ones, you will not only get the most out of your initial investment but you might also see significant growth in your capital gains along with your dividend-dependent wealth.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:SJR (Shaw Communications Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:SJR.B (Shaw Communications)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/08/28
Date Created
2019/12/05
Author
adamothman