



Market Rebound: 2 Battered Stocks That Could Soar in April

Description

The coronavirus (COVID-19) has wreaked havoc on the stock market, sending equities falling so fast, causing many investors to be blindsided.

Many investors had no chance to get out of the way of one of the sharpest plunges ever. We suffered the quickest 30% pullback since the Great Depression, and while the volatility has put our stomachs to the test, I warned investors that a market rebound had the potential to be just as sharp and sudden as the crash was.

I also warned that the greatest risk, after an over 35% decline, was locking in steep losses and standing to miss out on a swing back toward the highs.

Event-driven sell-offs tend to be sharper than structural cyclical declines. As such, investors with ample cash on the sidelines should seek to put money to work before one of the greatest buying opportunities of our time comes to an end. That's not to say that we've already hit a market bottom, though.

We could be a few more sucker's rallies (or bull traps) away from a sustained bounce. As such, investors should keep their powder dry on the way down as they look to [scoop up bargains](#) from across the board.

For investors seeking an upside correction, consider the following two overly battered stocks that could correct to the upside as soon as April:

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) stock is [on sale](#), and its insiders know it.

That's a significant reason why directors have been backing up the truck on shares amid the coronavirus-induced market crash. Shares of BMO fell nearly 50% from peak to trough, an unprecedented decline that's likely overblown beyond proportion.

The banks tend to take on a brunt of the damage during crises. And while BMO is expecting credit costs to surge over the coming year thanks in part to the firm's exposure to the oil and gas sector, management still sees the impaired provision ratio declining through 2020.

The stock has sported a near-8% yield after the stock got cut in half. And it's the fearless investors who are willing to go against the grain that will stand to not only lock-in a massive (and safe) dividend yielding 6-8%, but also give themselves a front-row seat to what could be an epic rally.

Manulife

When times get tough, very few of us are thinking about purchasing insurance (or other financial) products, which, while marketed as "must-haves" are actually "nice-to-haves" that are among the first to be cut when it comes time to tighten the belt.

With over a million Employment Insurance (EI) applicants last week, it's clear that we could be on the cusp of one of the roughest recessions (or depressions) in recent memory. And **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) stock is becoming as tough to buy as its products during these uncertain times.

To make matters worse, a considerable chunk of Manulife's growth depends on the strength of the Asian economy, which has endured tremendous difficulty amid the pandemic.

The intermediate-term outlook for Manulife and other life insurers is looking very bleak. Just have a look at what the last recession did to the stocks of the insurers.

Despite the seemingly insurmountable headwinds facing the Canadian insurance kingpin, the stock has fallen so much that it could be subject to a sharp upside correction.

Yes, the intermediate-term outlook on Manulife makes the stock seem toxic. But I'm of the belief that every stock becomes a buy if the price is right.

And at this juncture, the stock's market price has fallen far below its intrinsic value, opening up a window of opportunity for deep value investors to pay a quarter to get a dollar, so to speak.

Shares trade at 0.5 times book and 0.3 times sales, which is a bottom-of-the-barrel bargain that you'll only find during a crisis.

If you dare to catch the falling knife, you'll lock-in a 7-8% yield alongside what could be double-digit percentage gains as sentiment gradually recovers in a market rebound.

CATEGORY

1. Bank Stocks
2. Dividend Stocks

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:MFC (Manulife Financial Corporation)

3. TSX:BMO (Bank Of Montreal)
4. TSX:MFC (Manulife Financial Corporation)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise

Category

1. Bank Stocks
2. Dividend Stocks

Date

2025/08/09

Date Created

2020/03/26

Author

joefrenette

default watermark

default watermark