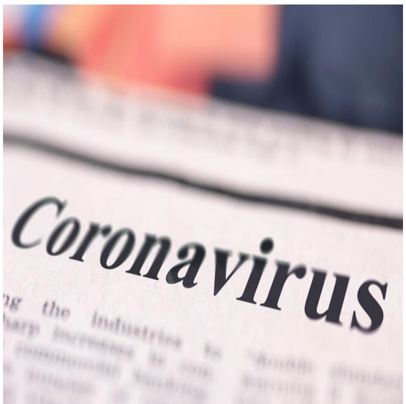

Market Crash: These 2 Stocks are a Prize Catch After a Rough Q1

Description

The energy, financials, and materials sectors ended strong on the second day of April, but expect the **Toronto Stock Exchange (TSX)** to continue bouncing like a yo-yo this quarter. Heightened volatility will persist, although there's a chance the epic oil price war might end soon.

MEG Energy (TSX:MEG) led advancers with the shares rising by 33.76%, thanks to a 25% record spike in oil prices. **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) gained by 1.9% but its cheap price is too hard to ignore. Both stocks are prize catches in the sell-off at present.

Lost momentum

Calgary-based MEG lost momentum following an exceptional operational performance in 2019. This Alberta oil producer was able to achieve record-high annual bitumen production of 93,082 barrels per day (bpd), a 6% increase over 2018. Non-energy operating costs averaged a record low of $4.61 per barrel.

The company was driving efficiency gains into its operations while maintaining production levels. As of this writing, the market capitalization stands at $628.96 million while the price is only $2.10 per share.

MEG had a tumultuous first quarter. At the start of 2020, the price was $7.34 before falling by 77.24% to finish the quarter at $1.57. The sudden surge last week was due to the possibility of an agreement between Saudi Arabia and Russia to slash oil production output.

A day after the biggest one-day gain, oil prices came tumbling again. According to the **Royal Bank of Canada**, there is a deal-breaker. Both Saudis and Russians expect U.S. oil producers to cut production as well. Without U.S. participation there could be a problem.

Analysts contend that a deal by the two countries to reduce production by 15 million bpd wouldn't be enough to balance the market. That should be a good start but deeper cuts are needed in the face of a deep recession.

Impending bounce back

CIBC, the fifth-largest lender in Canada, is also taking a beating. The share price has gone down to $79.01, a year-to-date loss of 25.55%. The 7.04% dividend, however, makes up for the low price. Investors should be happy with the yield.

During the 2008 financial crisis, many thought that CIBC would fall by the wayside. More than three-quarters of the bank's profit came from domestic personal and commercial lending. A significant decline in consumer borrowing would have dealt the bank a hard blow.

Management's post-crisis strategy was to change the low-risk focus on operational stability. Thus, CIBC shifted to focus on sustainable growth with sound risk management and long-lasting client relationships. This bank stock is well-loved by income investors for dependability. Its dividend track record is 152 years.

CIBC is aware that the coronavirus will cause a deep dive in the second quarter and modest contraction in the third. Unfortunately, the impact will be heavy on the export and oil markets. There will also be massive cuts in household spending. But the bank is confident of a bounce-back once the health crisis ends.

Buying opportunities

The coronavirus sell-off is nasty, if not unkind. For investors who expect a market turnaround post-recession, cheap stocks like MEG and CIBC are worth the investment today.

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