Buy And Hold This 1 High-Yield Dividend Stock for at Least 10 Years

Description

Are you looking for a reliable high-yield dividend-paying stock that can keep providing you income for several years? To this end, the Canadian banks offer you a very resilient and robust option. The large market capitalization stocks stand a better chance of enduring economic bumps like that of the current pandemic.

We have also seen that Canadian banks have immense potential to grow after coming out of recession and continue to pay dividends.

COVID-19 sent the entire stock market in disarray in March. While many top stocks have managed to regain relatively better positions, Canada's top banks remain in the red. The **BMO Equal Weight Banks ETF** tracks the performance of an equal weight diversified Canadian bank index. It has fallen by 26% since the start of 2020.

However, history shows us that Canadian banks are resilient. The financial institutions have seen several economic slumps and managed to come out strong. That makes them an excellent long-term bet.

To this end, I am going to discuss the **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) as a stock you can consider.

Big dividend bank stock

CIBC is among the most significant of the Canadian banks. Established in 1961, when the Canadian Bank of Commerce and Imperial Bank of Canada merged, this was the largest merger in Canadian history. The recent few years have been terrific for the bank, as it was named the third strongest bank on Earth by the Bloomberg Markets.

After the COVID-19 struck, things have not been the same for the banking stock. At writing, CIBC shares are down by 23.68% from the start of the year, and the bank is yet to release its second-quarter 2020 results before the markets open on May 28.

At its current price, CIBC is offering a high 7.07% dividend yield. The dividend yield is unusually steep for a banking stock. However, the dividend yield is inflated due to a significant drop in its share prices. The bank's share prices look attractive, with a forward price to earnings ratio of 7.32 and a price to book value of 1.01.

Housing market woes

Among the possible effects of COVID-19 is a housing market crash that can further impact the economic landscape in the country. According to an expert on infectious diseases, Dr. Anthony Fauci, the second wave of infections is likely. The scenario might see a further decline in economic activity and affect the overall market.

With employment rates unlikely to recover to pre-pandemic levels for a longer period, the housing market can be in trouble due to their inability to pay mortgages. CIBC increased its exposure to Canadian housing as it was heading into 2020. The real estate industry might be in for a roller coaster ride, and CIBC's exposure could cause the bank short-term cash flow issues.

Exposure to CIBC can put your capital at risk until the markets recover and the bank begins to climb back.

Foolish takeaway

Uncertainty reigns over the world due to the global health crisis. In times like these, it is crucial to find and stick to stocks that can offer you long-term safety and security. Despite a bleak short-term outlook because of the pandemic, I think CIBC presents a picture of reliability for the long haul.

It could be worth your while to buy the stock right now. However, for CIBC, things could get far worse before they begin to get better.

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