Baby Boomers: 2 No-Brainer Stocks To Buy Absurdly Cheap

Description

The COVID-19 pandemic and subsequent market panic led to a sell-off frenzy, which severely dragged down equity markets in March 2020. Surprisingly, the stock markets have made a substantial recovery since bottoming out in March. At writing, the **S&P/TSX Composite Index** is back up to only an 8% discount from its all-time high.

The V-shaped recovery has confused investors and analysts alike. Despite the broader market recovery, there are a few stocks that you should consider adding to your portfolio for the discounted valuations. As a baby boomer, you must have seen a drastic decline in your portfolio due to the sell-off. Adding these two value stocks could help you recover some of the lost wealth as the economy recovers further.

Bank of Montreal

While most of the T**SX** has healed from the sell-off frenzy, Canadian banking stocks are still recovering. The **Bank of Montreal** (TSX:BMO)(NYSE:BMO) is one of the Big Five Canadian banking stocks that took the brunt of the damage between February and March 2020. Its exposure to various areas of the economy that suffered the most from the pandemic led to a drastic decline for the banking stock.

Additionally, BMO's exposure to the oil and gas industry served as one-two punch for the Montreal-based bank. At writing, the stock is down 25% from its all-time high in January 2020 and offering its investors dividends at a juicy 5.45% yield. Does the share price of the bank represent its true value, or will it recover to better valuations?

The well-capitalized bank has an excellent reputation for weathering challenging economic environments. The bank has paid dividends to its shareholders without breaking its 190-year streak. It has seen its fair share of crises in almost two centuries. I think it could be a fantastic addition to your portfolio as it continues its path to recovery.

Canadian Natural Resources

The energy sector was already struggling due to the oil price wars. The advent of COVID-19 made things worse. **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) was crushed when the markets crashed in February. However, the stock has made a quick recovery since bottoming out in March.

If you bought shares of CNQ during the downturn, you would have made substantial profits since it is up almost 144% from the March market bottom. The company did not let the decline affect its dividend payouts. At writing, the stock is trading for $26.83 per share, and it is paying shareholders at a juicy 6.34% dividend yield.

Canadian Natural recently made a fantastic deal by acquiring Painted Pony Energy for a bargain. In a deal worth $461 million, CNQ got excellent value as it scooped up the struggling energy company and broadened its portfolio. The energy sector might still be a risky play for many investors, but any good news with the pandemic can lead to a boom for the beaten-down energy stock.

Foolish takeaway

The pandemic led to several high-quality stocks to trade at a discount. While the rapid recovery might have let you miss a few opportunities, Bank of Montreal and Canadian Natural Resources are two stocks that still have room to recover. You can consider adding the companies to your portfolio to capitalize on the recovery.

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Date
2025/08/24
Date Created
2020/08/17
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