



Contrarian Buy? This 1 Stock Just Hit a Record Low

Description

The contrarian thesis behind aviation stock investing sometimes fails to account for variety in this space. From time-sensitive cargo shipping to commercial flights, the aerospace market is as diversified as any other. However, some plays make more sense than others during the pandemic. But what about after it?

Bombardier ([TSX:BBD.B](#)) is a stock that a lot of pundits love to hate. Analysts don't seem to dig it either: Bombardier has a consensus "sell" rating this week. It's not surprising, though, since Bombardier is deep into penny-stock territory during one of the most volatile markets in history.

The aviation stock they love to knock

Bombardier stock is down 80% this year. Of course, other names on the TSX may be negative year over year, but have still seen positive momentum over recent months. That's their saving grace, and a reason enough to buy shares. Not so for Bombardier. The aviator has shed 33% since July. The past month has seen that trend leveling off considerably, though, with losses in the 12% region.

The trouble is, though, that Bombardier just hit a 52-week low. That's a bad sign in any stock. But for one as ailing as Bombardier, it's akin to a death blow. It's hard not to use the word *bankruptcy* in this paragraph, but shareholders must surely be thinking along those lines this week.

Selling at \$0.33 a share, Bombardier stock is temptingly cheap. An investor could buy a sizable stake in a well-known aviator at that price. Business jets might not make much sense as an investment thesis in 2020. However, 2021 is going to be a very different year. Market bulls might want to take a leaf out of the contrarian playbook and buy for a [pro-corporate rally](#) after the dismal effects of this year have worn off.

This stock could soar (if its survives 2020)

How much upside could there be in Bombardier? Before we take a look at conservative estimates, it's

worth noting that this stock is in a unique position. Having stripped down its operations to the bare bones, Bombardier almost looks like a takeover target. It's also potentially the kind of business to get bailed out should the market get chewed up any further. Either could see its share price rally hard.

But Bombardier has to get there first. Deals are still rolling in — consider the potential for streetcar contracts, for instance. But pundits are questioning whether the business will even survive the pandemic. A more bullish take might see the makers of business aircraft literally rise to the occasion during a 2021 characterized by an [economic resurgence](#).

And so, on to upside potential. Consensus estimates put Bombardier shares at anywhere from \$0.36 to \$3.50. Taking a median estimate, a \$1.00 Bombardier share price is reasonable. The key point to take home here, though, is that at \$0.33 a share, Bombardier trades below its low target. Yes, that makes it a sell if you're a low-risk shareholder. But for a contrarian making speculative purchases, this is a dirt-cheap play.

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Date

2025/07/21

Date Created

2020/10/24

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