



StatsCan: \$22.7 Billion Cash From Overseas Floods the TSX

Description

The S&P/TSX Composite Index appears on track to finish 2021 on a very high note. Likewise, a COVID-driven exodus is happening this year. Based on data from Statistics Canada, the country's equities market is on course to register the highest foreign inflows since 2017.

As April 30, 2021, international investors ploughed \$22.7 billion into Canada's primary stock exchange. The impetus to channel funds to the TSX stems from the index's large weighting in cyclical and [value stocks](#). Ten of the 11 primary sectors are in positive territory.

Canadians need not look across the border for great investments. The TSX is oozing with attractive and [profitable options](#). For income investors, buy-and-hold stocks **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) and **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) are the outstanding choices.

Stellar earnings among the Big Five

All Big Five banks reported impressive earnings results in Q2 fiscal 2021 (quarter ended April 30, 2020). However, it was only the fifth-largest lender that saw a more than 300% increase in net income. From \$392 million in Q2 2020, CIBC's net income in the most recent quarter rose to \$1.65 billion.

CIBC's president and CEO, Victor G. Dodig, cited the momentum in CIBC's Canadian consumer franchise as the reason for the stellar quarterly results. He also mentions the successful implementation of the bank's client-focused growth strategy as key to accelerating performance.

The bank stock outperforms the TSX year to date (+34.65% versus +14.72%). At \$144.71 per share, CIBC pays a 3.96% dividend. The payout should be sustainable given the less-than-50% payout ratio. Furthermore, you'll create a lasting income stream. CIBC's dividend track record is 152 years.

CIBC's most recent feather in its cap is the result of the latest study by J.D. Power. The global leader in consumer insights, advisory services, data, and analytics ranked the bank's mobile app number one in customer satisfaction.

Since the pandemic began, the utilization of CIBC's online and mobile banking platforms has increased tremendously. The bank's continuing investments in new features affirm its commitment to elevate the mobile banking experience.

Strong competitive position

Pembina Pipeline has been in the limelight lately. The \$22.16 billion pipeline giant seems to have one foot in the door to acquire **Inter Pipeline**. A bidding war is ongoing with **Brookfield Infrastructure Partners**. While the former prefers the Pembina as the ideal partner, the latter continues to sweeten its hostile bid.

Management believes there's an industrial logic in acquiring Inter Pipeline. The business combination should enhance the probability of seeing through numerous capital investment opportunities. It should translate to profitability.

While the bidding war with Brookfield rages, Pembina continues to cement its strong competitive position in vastly improving market fundamentals. On June 17, 2021, Pembina and **TC Energy** jointly announced an innovative partnership. The companies plan to build a carbon transportation and sequestration system. If successful, the system can move 10% of Alberta's annual industrial emissions to storage sites annually.

The energy stock's current share price is \$40.30, while the dividend yield is 6.19%. Many investors invest in Pembina not only because of the generous dividends. The company pays dividends monthly, not quarterly. You can churn money faster since you can reinvest dividends 12 times in year instead of four.

Seize the moment

The massive cash inflow from overseas should also encourage Canadians to seize the moment and invest in local stocks.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:CM (Canadian Imperial Bank of Commerce)

4. TSX:PPL (Pembina Pipeline Corporation)

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