



Got \$1,000? A Canadian Stock I'd Buy Ahead of Jackson Hole

Description

If you've got an extra \$1,000 that you're waiting to put to work, it may be wise to put it to work on a [bargain](#) today instead of waiting for a correction that may not strike this year.

Although there are plenty of bears out there that are calling for a painful 10-15% correction to hit sometime soon, I think that the odds are against such bearish investors. There are way too many [dip buyers](#) out there. Heck, we haven't even been dealt a 5% pullback for well over six months now. Undoubtedly, the road ahead looks bright, thanks in part to the slate of vaccines. The FDA recently approved the **Pfizer** vaccine (no surprise there!), which could help combat vaccine hesitancy en route to herd immunity.

Valuations seem a tad stretched, but given the likely sustained recovery that could be on the horizon, markets may not be as expensive as the bears think. As such, investors should proceed with caution into the cheap Canadian stocks that provide a satisfactory risk/reward tradeoff. On the **TSX Index**, many great bargains could help your portfolio finish 2021 with a bang.

Jackson Hole symposium on the horizon

With the Jackson Hole symposium on the horizon, patient investors may get the modest dip they were waiting for. Undoubtedly, any hints of quicker-than-anticipated interest rate hikes may not sit well with investors. Past Fed comments have caused investors to get a bad case of the jitters.

Still, I find that any dips are to be bought moving forward. At this juncture, **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)) strikes me as one of the TSX's best deals to buy ahead of the Jackson Hole meeting, which could signal that rate hikes are coming.

Could rate hikes spark a multi-year bull market for the underrated financials?

Let's just say I wouldn't dare bet against Canada's high-quality financial stocks right here, even though their rallies have stalled out in recent months.

Manulife Financial: Real value to be had

Manulife is an underrated insurer that's not a value trap, even though its ridiculously low price-to-earnings (P/E) multiple, currently at 6.9 times, looks too good to be true. Manulife is a real value, and although coming quarters could be bumpy given uncertainties relating to the pandemic, I think that the life insurance company offers a risk/reward that's tough to stack up against.

Should the Fed's Jackson Hole meeting cause a bit of a taper tantrum, I don't expect Manulife stock will follow in the footsteps of the broader markets. If anything, it could rally in a big way, as the company stands to be one of the few beneficiaries of higher interest rates. Moreover, hints of a rate hike could signal the economic recovery is still in full swing.

Analysts on the Street are overwhelmingly bullish, with a Street-high target of \$36 courtesy of Darko Mihelic of RBC Capital. His price target implies around 50% worth of total returns.

That's nothing short of remarkable. I think Darko is right on the money. Investors are discounting Manulife stock by far too much, given potential catalysts and the incredible Asian segment. Could the Jackson Hole meeting give Manulife a push higher? I have no idea, but if you seek a solid long-term investment, Manulife strikes me as a must-buy for any portfolio that's light on financials.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:MFC (Manulife Financial Corporation)

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Author

joefrenette

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