1 Incredibly Cheap Canadian Stock to Buy and Hold Through the End of the Pandemic

Description

Don't let anybody tell you that the stock market is on the verge of a nasty decline. I don't remember the last time so many pundits were pounding the table on a pullback. It's been around a year and a half since we suffered an official 10% correction. Nobody knows when the next one will arrive, but at this juncture, it seems like everybody is either bearish or proceeding with cautious optimism after one of the best first halves to a year in quite a while.

Undoubtedly, valuations are suspect. And there are fewer steals or deals to pick at. That said, they still exist despite their lesser abundance in today's market. With a weak start to September, it seems like the world is ending for stock investors. We've witnessed many down days, with few really prominent up days (with the exception of September 15 when the **S&P 500 Composite Index** rallied nearly 1% on the day). Despite the sluggish start, the S&P 500 isn't even down a full 2%. That's hard to believe. And like it or not, a contrarian stance would be to continue being a buyer of this market, now that the bears are out in full force.

Correction coming? There's *always* a correction coming!

Sooner or later, the market strategists will be proven correct with their correction calls. And some who get the timing right will look like geniuses. But until then, investors should continue selectively picking away at stocks that have already suffered 5%, 10%, even 20% pullbacks.

Given the split between reopening stocks and lockdown plays, tech and value, cyclicals and defensives, sector-based rotations, and so-called rolling corrections may very well be the new normal. And as stocks within a negatively affected sector plunge, the rest of the market doesn't need to follow. In fact, it could continue rallying in spite of sector-based weakness, as we witnessed in the first half of 2021.

Like it or not, rolling corrections could be the new normal in this pandemic-plagued environment. And to take advantage of such corrections going on behind the curtain of the S&P 500, you'll need to be a stock picker. Undoubtedly, the stage could be set for prudent self-guided investors to outperform. And in this piece, we'll have a look at two contrarian **TSX** stocks that have already taken a hit on the chin, while the broader markets flatlined for the month of September.

CAE stock: A great value after a choppy past few months

Consider shares of flight simulator manufacturer **CAE** (TSX:CAE)(NYSE:CAE), which fell nearly 4% on Thursday. Over the past several months, the stock has attempted to breakout past $40, failing a number of times. This latest pullback off the near-$40 levels, I believe, ought to be bought before shares look to try again over the coming weeks and months.

Indeed, CAE stock has entered a prolonged channel of consolidation. Once it breaks out, though, the stock could have considerable upside. As an economic reopening beneficiary, CAE could be given a lift once the current Delta wave peaks. Even if we *are* due for a rough winter, CAE has a healthy balance sheet and resilient enough operations to hold its own should reopening stocks face a continuation of an isolated sell-off.

At just 3.8 times sales, CAE is a bargain that has one of the better risk/rewards for those looking for an indirect way to play a sustained recovery in air travel.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CAE (CAE Inc.)
2. TSX:CAE (CAE Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. arosenberg
2. joefrenette

Category

1. Investing

Date

2025/06/29
Date Created
2021/09/18
Author
joefrenette