



2 Canadian Stocks I'd Buy for November 2021

Description

Could the volatility be drawing to a close after last week's [incredible rally](#) that extended into Monday's sessions of trade? It's possible. Many overly bearish pundits may have to change their views, as investors continue buying the dip in what could be the last opportunity before the next leg higher. A 5-6% pullback in markets isn't anything to write home about, especially for those who invested in the COVID-induced 2020 stock market meltdown.

Still, looking under the hood, you'll discover that shares of many magnificent companies, including blue-chip darlings, were marked down by so much more. Indeed, not all companies have done their part to keep the markets elevated enough to not fall into a 10% peak-to-trough correction.

In this piece, let's have a closer look at three intriguing stocks to buy if you missed last week's "local" bottom and want to put more of your cash to work while the [bargains](#) still exist.

CP Rail

CP Rail ([TSX:CP](#))([NYSE:CP](#)) has been beaten down as it slowly, but steadily emerged victorious over its peer **CN Rail** ([TSX:CNR](#))([NYSE:CNI](#)) in a bitter battle for U.S. railway Kansas City Southern. Undoubtedly, a CN-KSU tie-up will grant CP an enviable network, which crosses North America's two biggest borders. It's a big deal, and it will make CP that much more competitive over its larger peer in CN Rail.

That said, CP has a hefty bill to pay. The price on KSU assets does not come cheap, and investors don't seem to be huge fans at this critical juncture. Undoubtedly, the deal will put stress on the balance sheet, and with valuations across the spectrum close to a high point, it's no mystery as to why investors responded so negatively to the winner of the epic Canadian rail bidding war.

As I noted in prior pieces, the victor of the bidding war may be a loser through the eyes of investors. Regardless, I thought there was a very high chance that the deal would more than justify the hefty price of admission, especially with the "Roaring 20s" underway. I urged investors to buy CP on the dip, and the stock ended up popping nearly 10% from its September 2021 bottom in what now appears to

be a sudden correction to the upside.

Indeed, corrections are sharp reversals in trend and while they're often on the downward slope, it's not always the case! CP enjoyed an upside correction, and although the stock is 10% pricier than it was a few weeks ago, shares are still down around 8% from the top. At 18.8 times earnings, you're getting a high calibre railway for a pretty cheap price, especially if you think we're in the early innings of a multi-year expansion that could propel earnings to incredible new heights.

CN Rail

I've said it before, and I'll say it again: CN Rail lost the bidding war with CP Rail, but it won the battle.

CN Rail won't have to raise a considerable debt to pay off an outrageously priced acquisition. Moreover, the company gets to collect US\$1.4 billion as a result of the acquisition termination. With activist investors at TCI pushing for "urgent" change to the company's leadership team, I do think that things can only get better from here.

Undoubtedly, CN Rail hasn't been a top performer of late, and many shareholders are perplexed as to why CN bothered with its pursuit of CP's acquisition target. With analyst downgrades over CN Rail's underwhelming strategic plan, it's easy to throw in the towel on the name here. It's been quite a volatile ride, after all.

With a potential management shuffle on the horizon, though, I find now to be a good a time as any to get into the name, as CN looks to improve for the better. Industry veteran Jim Vena is TCI's top nominee to replace J.J. Ruest. Indeed, just when you thought the battles were over, a new one is brewing, with activists going up against CN's top managers.

CATEGORY

1. Investing

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3. TSX:CNR (Canadian National Railway Company)
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