



2 Beginner Stocks Under Pressure to Buy and Hold

Description

Whenever beginner stocks fall under pressure, market newcomers should be [ready](#) to buy and hold; with less consideration for week-to-week fluctuations. Indeed, beginners should strive to keep it simple. Easy-to-understand businesses with solid cash flows and reasonable growth stories should be preferred. Of course, the valuation must always be in the right spot before new investors even think about hitting that buy button, even amid a broader market decline.

With a handful of risks, most notably Omicron and its potential to shut down the Canadian economy again, investors should also evaluate a firm's cash flows; and how they'll stand to weather a worst-case scenario that sees 2020 style lockdowns hurt any given quarter.

Nobody wants lockdowns, but at the end of the day, news of lockdowns across various European countries is [discouraging](#). Once hospitals become overwhelmed, it could prove tough to maintain a "no lockdown" stance. Currently, the U.S. is firm on not locking down in the face of Omicron's spread. If, however, Omicron cases don't curb on their own, lockdowns may be the only way forward. Unfortunately, beginner investors need to prepare for the worst. Although they can hope for, but not expect, (or assume) the best, even if it is the far likelier scenario.

It's tough to acknowledge that which cannot be known. The pandemic remains highly uncertain; and for that reason, investors must ensure they're insulated from COVID risks, with stocks that have solid balance sheets and operating cash flows to weather choppy waters.

Consider **CN Rail** ([TSX:CNR](#))([NYSE:CNI](#)) and **CIBC** ([TSX:CM](#))([NYSE:CM](#)), two beginner stocks that could surge in the face of the pandemic's next inning.

CN Rail

Here we go again! More volatility in shares of CN Rail following news that activist investors' proposed CEO replacement, Jim Vena, is now out of the running. The stock plunged over 5% on the news, which, I think, is absolutely absurd! Although there's uncertainty as to who takes the reigns in the new year, I do think that the right man will be found for the job and that CN Rail stock will trend higher again

as volumes surge.

Indeed, CN is the better of the two rails, given its lower reliance on grain shipments and intermodal traffic, which could blast off in 2022. Further, CN Rail can only do better from here, as the worst-case scenario could see the current management remain until a suitable replacement is found. Honestly, such a scenario isn't even all that bad, given current managers have done a somewhat okay job. That said, for CN Rail stock to take it to the next level, the right CEO needs to be found. In due time, I think it will find one, and as shares retreat, beginner investors should look to be a buyer of the dividend-growth stud.

CIBC

CIBC stock's rally has run out of steam going into January. Indeed, the big bank rally looks to be grinding to a halt; but with rates on the ascent, I think the big banks are at the cusp of a multi-year bull market that could enrich many who stood by them. CIBC did quite well during the pandemic and is one of the more bountiful ways to play the space. CIBC is no longer that number five bank with too much Canadian mortgage exposure. It's diversifying its book and is a far better-managed bank than it ever was before in my books.

The stock trades at 10.5 times trailing earnings with a 4.4% dividend yield. A great beginner stock for riding out turbulent times that could be ahead.

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2. Stocks for Beginners

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2. NYSE:CNI (Canadian National Railway Company)
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