



## A Different Headwind: A 3-Letter Word Most Feared by Investors

### Description

People around the world knew beforehand of Russia's plan to invade Ukraine. However, it still came as a shock when Vladimir Putin ordered special military operations against its neighbor. Jens Stoltenberg, secretary general of the North Atlantic Treaty Organization (NATO), condemned the push into Ukraine and called it a "brutal act of war."

The TSX has been on a decline since February 16, 2022, because of rising inflation and geopolitical tensions. There are ways to prepare for or [curb inflation](#), but an actual armed conflict, not a threat, is a different kind of headwind. Investors fear war the most, because it can cause a sudden [stock market crash](#). Furthermore, the impact is undeterminable while the battle drags on.

Some market analysts say the approach to a war-induced crash is to move to [quality stocks](#). **Telus** ([TSX:T](#))([NYSE:TU](#)) and **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) are two of them. The former provides essential communications services 24X7, while the latter has endured two World Wars.

### Vital role in economic growth

Telus has been stable so far in 2022 and hasn't shown signs of downturn. The telco stock is doing better than the broader market with its 6.1% year-to-date gain. If you invest today, the share price is \$31.62, while the dividend yield is 4.14%. Unlike CIBC, Canada's second-largest telco isn't war-tested.

However, the products and services of the \$43.17 billion company are vital to the government, businesses, and families. Telus also benefits from an oligopoly, as it shares control of the telco industry with **BCE** and **Rogers Communications**. In May 2021, management announced an additional \$17 billion investment across Ontario through 2024.

Telus will invest the money in infrastructure and operations to support the province during the pandemic and subsequent economic recovery. The company will contribute to the labour market and hire 10,000 bodies to fill positions in construction, engineering, and emerging technologies.

In Q4 2021, Telus reported 7.6%, 20%, and 145% growth, respectively, in adjusted EBITDA, consolidated revenue, and net income versus Q4 2020. The telco stock increased its dividend by 7.3% in 2021 and could hike the yield, effective April 2022, by 5.2% over the prior year.

## Survived the war years

CIBC is the product of a merger between the Canadian Bank of Commerce and the Imperial Bank of Canada. During the war years (WWI and WWII), the bank's employees enlisted to join the armed forces. The \$69.68 billion bank is Canada's fifth-largest lender, and like its larger industry peers, the dividend track record is more than 100 years.

Management reported stellar results for fiscal 2021, as evidenced by the 6.8% and 70% increases, respectively, in total revenue and net income compared with fiscal 2020. CIBC's U.S. Commercial Banking & Wealth Management business segment had the most significant year-over-year increase in net income (147%).

In early January 2022, CIBC announced its new Equipment Finance team to boost its specialty banking area in the U.S. Commercial Banking Group to 16. At \$160.40 per share, current investors enjoy an 8.6% year-to-date gain in addition to the 4.01% dividend.

## Deadly combination

A war in Eastern Europe in combination with the ongoing pandemic and rising inflation heightens market volatility even more. The road ahead for Telus and CIBC is bumpy, but both companies could overcome the headwinds.

### CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:TU (TELUS)
3. TSX:CM (Canadian Imperial Bank of Commerce)
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**Date**

2025/08/15

**Date Created**

2022/02/26

**Author**

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