1 Undervalued Stock to Buy as the Ukraine-Russia Crisis Worsens

Description

The Ukraine-Russia crisis is a horrific tragedy that could easily worsen before it gets any better. Indeed, negotiations have not led to the optimal outcome thus far. With sanctions mounting and geopolitical turmoil boiling over, investors should be cautious when it comes to big market bounces like the one experienced on Wednesday. While it may mark some sort of weekly bottom, it's unlikely to be *the* bottom with all the headwinds facing this market. Undoubtedly, the stock market could easily fall into a bear market from here as inflation and volatility continue to hit investors from left, right, and centre.

The Ukraine-Russia crisis could worsen. You need to be prepared for a worst-case outcome

Personally, I think it's a great time to be a buyer of risk-off stocks, as dip-buyers in the most aggressive plays continue to be punished with steep losses for their courageous attempts at catching a falling knives. Such feats have paid off in the past. Will they continue to do so? Arguably, dip-buyers have already been penalized. Those who exhausted their liquidity reserves are now in a tough spot, as market losses continue adding up. As nice as it would be for recent turmoil to resolve itself, investors must be ready for worst-case outcomes because they can happen, and your portfolio should not be positioned in a way such that you'll get wiped out in such a scenario.

I believe that new investors should not seek to be heroes at a time like this by reaching for the most damaged merchandise. If anything, staying in a game is the ultimate goal. Not being wiped out by stocks like Peloton that have shed a majority of their value. Chasing bottoms in stocks or the markets is a dangerous game. And you don't have to play such a game. Instead, focus on diversifying your portfolio to the best of your ability. It's "fun" to think about massive gains in a bottoming out of the market. To get such gains, you'll need to put your hand in front of a falling knife, though. Odds are, you are going to feel pain well before you feel any sort of relief.

For those uncomfortable with taking a 20%-50% loss in a matter of weeks, there are secure stocks that can help you stay afloat through these horrific times.

Scotiabank: a cheap, boring, but beautiful stock

Think boring stocks like **Scotiabank** (TSX:BNS)(NYSE:BNS). The internationally-focused Canadian stock looks so dirt-cheap that any bit of good news is likely to propel shares much higher. With higher rates on the horizon, Scotiabank is about to see some tailwinds offset its headwinds. Indeed, the emerging markets exposure gives investors a long-term growth edge at the cost of increased risk, especially during times of turmoil.

With shares stalling out at around $92 per share, I think now is a great time to get in before conditions can normalize. The stock trades at 11.5 times trailing earnings (a nice discount to its peer group), with a juicy 4.4% dividend yield. The $110 billion banking behemoth has terrific managers who can help navigate this challenging environment. The bank has made it through Canada's credit slowdown and the COVID crisis. Any future challenges (whether it be war or stagflation), I believe, it can also make it through.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

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. jguest
2. joefrenette

Category

1. Bank Stocks
2. Investing

Date
2025/09/06
Date Created
2022/03/13
Author
joefrenette