# CIBC Stock Could Be a Top TFSA Buy for a Rocky 2nd Half of 2022

## Description

After yet another big down day for markets, marking the worst first half to a year since 1970, many investors are likely holding off on buying the dip until the dust settles. Indeed, the magnitude of market volatility and panic has been elevated for six months now.



The second half of 2022 doesn't appear too hopeful, with Bank of Canada interest rate hikes that threaten to propel the Canadian economy into a recession. Indeed, the recent round of GDP numbers were not encouraging. Still, central banks are between a rock and a hard place right now, as they need to bring the fight to inflation. Otherwise, it could linger and erode the wealth of consumers across the board.

## Bracing your TFSA for a turbulent second half of 2022

It's not a great situation to be in as an investor or consumer. And while it would feel comfortable buying stocks once this vicious bear market selloff is over, we all know there's no alarm that goes off when it's safe to get back into the market waters. Many bear market rallies have come to a crashing halt. And many investors are telling themselves they won't be fooled (that's a lower-case *f*, folks!) again.

While such short-lived bounces are commonplace in bear markets, there will be one that will be sustainable. At this juncture, though, it's tough for any rally to gain meaningful traction. Stagflation, recession, Russia's invasion of Ukraine, and the potential for yet another wave of COVID-19 (BA.4 and BA.5 variants) could pave the way for even more losses in the second half.

Further, we've witnessed a lot of rescinded job offerings, hiring pauses, and single-digit percentage layoffs in anticipation of tough times. Even if a recession wasn't to accompany the Bank of Canada's tightening cycle, it certainly seems like a self-fulfilling prophecy.

In any case, TFSA investors need to stay resilient. The bad times never last for too long. Though COVID and the Ukraine-Russia war are unlikely to be resolved this year, there's always the chance for positive exogenous events.

Although markets have unlikely bottomed out, I think there are intriguing value bets suitable to buy for long-term investors. So, if you're looking to hold a name for the next 10 years, as opposed to just the next 10 months, consider the following:

## CIBC

**CIBC** (TSX:CM)(NYSE:CM) is a number-five Canadian bank that was quite resilient through the 2020 recession. Undoubtedly, CIBC gets a lot of criticism for its brutal performance after past recessions. With new managers and a robust capital ratio, it seems like CIBC's reputation as a Big Five laggard is bound to come to an end. It's more than capable of keeping up with its bigger brothers, even with its sizeable Canadian mortgage exposure.

At writing, the stock trades at 8.86 times trailing earnings, with a juicy 5.3% dividend yield. Though the nasty slide may yet to have ended, the risk/reward scenario seems way too good right here. The dividend is on stable footing, and shares are nearing a strong level of support at $60 per share.

Even if a recession hasn't been fully baked into the share price, it seems likely that CIBC can weather the storm, as it did in 2020, en route to the next expansionary cycle.



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**Date**
2025/09/10
**Date Created**
2022/07/02
**Author**
joefrenette