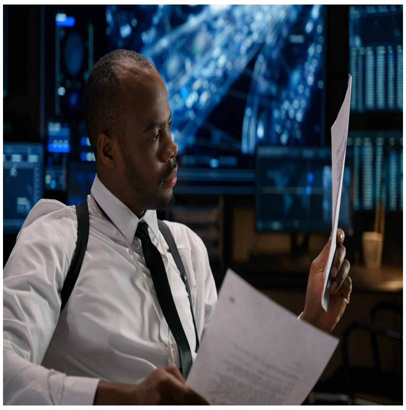

2 Blue-Chip Stocks That Could Be Quick to Recover

Description

Canadian tech stocks have been off to the races this week, with the growth-heavy Nasdaq 100 leading the market's upward charge going into the latter half of last week. Indeed, the hardest-hit risk-on trades (growth and tech) are likely to experience the biggest up days once inflation data comes in cool enough to justify some sort of pause on rate hikes.

Now, just because rates on the 10-year note have retreated in recent sessions does not mean it's all clear to get back into the battered tech stocks. While they may have the means to add to their recent relief rally gains, there's also a big chance that next month's consumer price index report could cause a reverse effect, pushing out any possible pivot or Fed pause further out.

In this piece, we'll look at two blue-chip transportation stocks that could continue riding higher, regardless of what ends up happening with central banks moving forward. Indeed, higher rates are bad news for any firm. But they're that much more painful for growth companies lacking in balance sheet strength!

Without further ado, let's check out **CN Rail** (TSX:CNR) and **TFI International** (TSX:TFII), two high-quality transportation stocks that look reasonably cheap and ready to roar higher over the next few quarters.

CN Rail

CN Rail stock retreated around 1.5% on an upbeat Friday for markets. Indeed, CN Rail is a steady railway play for all types of market environments. With the risk-on appetite and speculative tech stocks leading the rally, it's been the defensives that many have begun to rotate out of. I think the move out of such blue chips is absurd. CN Rail is fresh off an unbelievable quarter and should be up on a day when rates are in retreat mode.

At writing, CNR stock is at $162 per share, with a 23 times trailing price-to-earnings (P/E) multiple. That's not a cheap multiple. However, given inflation's likely peak and the likelihood of a so-called Fed pause in 2023, I'd argue that the coming recession may be mild enough that markets can trend higher again.

Indeed, CN Rail is an economically sensitive firm that could really benefit from a soft landing. Down 5% from its high, CNR stock may not seem like much of a deal. But for long-term thinkers, the dividend-growth stock, with its 1.81% dividend yield, is a fair deal for one of the TSX's best companies.

TFI International

TFI International is a trucking firm that would be a great complement for any railway. At just 10.8 times trailing P/E, TFI stock is a far cheaper bet than the rail stocks right now. Indeed, TFI's trucking fleet may suggest a smaller economic moat than the likes of a railway. That said, TFI is an incredibly well-run company that could profit profoundly from the early innings of the next expansionary market cycle.

Indeed, rails and truckers are vital and can act as a great one-two punch to power your portfolio to the next level. With a 1.38% dividend yield, TFI stock may not be bountiful. However, it's hard to ignore the 331% in capital gains posted over the last five years. As shares come roaring back, I think investors should give the $11.9 billion mid-cap trucker the respect it deserves.

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Date
2025/09/07
Date Created
2022/11/15
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