



Eagle Financial  
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**MY 3  
FAVORITE  
VALUE**

**+**

**DIVIDEND  
PLAYS FOR  
THE 2ND  
HALF OF  
2022**



2022

Dr. Mark Skousen

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*My 3 Favorite Value + Dividend Plays for the 2nd Half of 2022*

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## My 3 Favorite Value + Dividend Plays for the 2nd Half of 2022

Wall Street is still struggling to find solid ground from which to rebound, with stocks down an average of 16% on the S&P 500 and 25% on the Nasdaq.

The Dow Jones Industrial Average is down 12% year to date.

Yet my *Forecasts & Strategies* portfolio is weathering the storm.

And here's the optimistic part. Historically, whenever the stock market has declined by 15% or more in the first half of the year...

The S&P 500 has followed that up with a solid positive return in the final six months of that same year.

Here's the breakdown:

|         | 1st Six Months | 2nd Six Months |
|---------|----------------|----------------|
| 1932    | -45.4%         | 55.5%          |
| 1939    | -17.8%         | 15.0%          |
| 1940    | -20.1%         | 6.0%           |
| 1962    | -23.5%         | 15.3%          |
| 1970    | -21.0%         | 26.7%          |
| Average | -25.6%         | 23.7%          |

That bodes well for investors.

I'm not the only one who thinks so.

Long-time friend and investment guru, **Adrian Day**, has noted that the bull-bear indicators are all close to all-time lows and the *Bank of America Bull-Bear indicator sits at zero*.

"It literally can't get any lower," he told me.

"The end of June saw very heavy retail selling; coming after the market had already declined.

That looked like panic selling and may signal a near-term reversal. Bear market rallies can be short but sharp, since one often experiences short-covering near the end – accelerating the fall."

After that, however, you can get into a lot of great stocks at a huge discount.

So let's open up the hood and check out my three favorite value + dividend plays...

### **Play #1: The Coca-Cola Company (KO)**

Soft drink giant Coca-Cola Inc. (KO, \$55.88, 3.20% yield) continues to rally into the second half of the year.

According to some Wall Street analysts, Coca-Cola will keep doing well in 2022. (It is one of our “Flying Five” stocks and one of my biggest 2022 winners in my *Forecasts & Strategies* member portfolio.)

A Guggenheim analyst stated the following:

“We see the company exiting 2021 stronger for [two] reasons: 1) strong emerging markets despite still low vaccination rates, 2) restructuring leading to a more focused and agile organization. In addition, the valuation is compelling in light of improved fundamentals with a good line of sight for earnings per share to grow 12% to reach \$2.71 next year.”

Guggenheim raised its rating to a “buy” with a price target of \$66 this year, noting that it will benefit from the acquisition of BodyArmor, the provider of a line of sports performance and hydration beverages.

We don't normally think of Coca-Cola (KO, \$55.88, 3.20% yield) as a high-flying stock.

Yet it has been a steady winner for us since we added it to the Flying Five portfolio in 2017.

We're ahead more than 40% over a four-year period. KO hit a 52-week high recently, and we were thrilled to get a double-digit-percentage gain in 2021.

It is a member of the exclusive Dividend Aristocrats Club, consisting of an exclusive group of S&P 500 companies that have raised their annual dividend for at least 25 consecutive years and have a minimum market capitalization of \$3 billion.

Coca-Cola has raised its annual dividend for 60 straight years and has a current yield of 3.20%.

Coke has \$93 billion in cash and \$37 billion in debt. Its profit margins are 23%, its return on equity (ROE) is 40% and its profits grew 42% in the past year.

The beverage company is viewed as a mature, conservative investment, but it has beaten Street forecasts consistently, and revenues are expected to grow by 10% per year for the next five years.

## **Play #2: Verizon (VZ)**

While the 2022 bear market has whipsawed many of the world's top companies, a number of blue-chip bargains have emerged.

One of those is Verizon.

It is, of course, the nation's second-largest telecom provider and a world leader in broadband and wireless services, with more than 93 million customers around the globe.

Its mobile network is America's largest wireless carrier, with 120.9 million subscribers, as of early 2022.

Verizon is one of my Flying Five stocks, and like many analysts, I believe it is a recession-proof blue chip... both a value play and a strong dividend play.

Looking forward, there are plenty of reasons for optimism.

Verizon is earning a windfall from the popularity of its mobile devices, especially Apple's products.

Its Verizon FiOS Internet system, which offers the fastest speed in the country, is still gaining in popularity.

This stock is conservative; Some observers would even say it is a defensive one — but one with plenty of upside potential.

In fact, Scotiabank upgraded Verizon to Sector Outperform From Sector Perform, raising its Price Target to \$59.

Verizon's dividend yield — already attractive at over 7% — is likely to rise in the months ahead.

## **Play #3: Cisco Systems (CSCO)**

The routers, switches and software company has been one of my Flying Five stocks since March 2020, providing a 22% total return (with dividends).

Cisco Systems' bargain stock price and strong dividend yield (3.64%) offer appeal for investors who want to stay patient amid any further market pullbacks.

I maintain a bullish view of Cisco; with expectations it will gain market share in the cloud titan market.

The company's revenue growth comes in part from acquisitions, with margins expected to grow from new software products.

Cisco Systems remains a technology leader and has impressed Goldman Sachs and

others with its improved performance, despite ongoing trade tariffs.

If the company's management can stay on that course, its shareholders could be rewarded with a double-digit-percentage return during the next year.

As I told members recently, "The company's doing well in a range of key technology sectors, sells at a reasonable valuation and has an attractive dividend yield. If the (China) trade conflicts are on the way to being resolved, only a recession would hold down the stock's price."

- Mark Skousen

Forecasts & Strategies

P.S. You can't unsee this. My latest research -- what I'm calling the ["Biden Disaster Plan"](#) reveals three stocks that could 10X within the next year, thanks to some disastrous events now unfolding. [Click here for the full story.](#)

## Biography



Mark Skousen, Ph. D., editor of Skousen CAFÉ and *Forecasts & Strategies*, is a nationally known investment expert, economist, university professor and author of more than 25 books. He recently was named one of the 20 most influential living economists, and he was awarded the *Triple Crown in Economics* during a special presentation with Steve Forbes.

Mark earned his Ph.D. in monetary economics at George Washington University in 1977. He has taught economics and finance at Columbia Business School, Columbia University, Barnard College, Mercy College, Rollins College and Chapman University. He has also been a consultant to IBM, Hutchinson Technology and other Fortune 500 companies.

Since 1980, Skousen has been the editor-in-chief of *Forecasts & Strategies*, a popular award-winning investment newsletter. He is also the editor of four trading services, *Five Star Trader*, *Home Run Trader*, *Fast Money Alert* and *TNT Trader*.

He is the producer of FreedomFest, “the world’s largest gathering of free minds,” which meets every July in Las Vegas. ([www.freedomfest.com](http://www.freedomfest.com)). FreedomFest attracts several thousand people from around the world.

He is a former analyst for the CIA, a columnist for *Forbes* magazine (1997-2001) and former president of the Foundation for Economic Education (FEE) in New York.

He has written articles for *The Wall Street Journal*, *Reason*, *The Daily Caller*, *Christian Science Monitor* and *The Journal of Economic Perspectives*. He has appeared on CNBC, ABC, CNN, Fox News and C-SPAN Book TV.

Based on his work “The Structure of Production” (NYU Press, 1990), the federal government began publishing a broader, more accurate measure of the economy, Gross Output (GO), every quarter along with gross domestic product (GDP). It is the first macro-statistic of the economy to be published quarterly since GDP was invented in the 1940s.