



The Stock Picker's Guide to The Bank of Nova Scotia for 2015

Description

The year 2014 was generally one to forget for **The Bank of Nova Scotia** ([TSX: BNS](#))([NYSE: BNS](#)). As of this writing, the shares are down slightly for the year, while every other big five bank has gained at least 10%.

A few things have gone wrong, but two in particular are worth highlighting. One has been a broad selloff in emerging markets stocks. And Canada's most international bank has gotten caught up in the mix – in fact its shares were down by 8% in January alone.

Also, the bank has continued to struggle in the Caribbean. The region has struggled in recent years, mainly because American tourism has been very slow to rebound. And that's resulted in higher-than expected loan losses for The Bank of Nova Scotia.

That being said, there are reasons to hold the bank's shares in 2015. Below we take a look at three big ones.

1. Generally safe countries

This year has certainly not been a good one for emerging markets. Russia's problems are well-known, and are getting worse. China's economy is slowing, and is on very shaky ground. Countries like South Africa, Brazil, and Turkey are struggling.

But in countries where The Bank of Nova Scotia is concentrated – such as Mexico, Colombia, Peru, and Chile – the news is much better. These countries in particular have managed to avoid the problems that other emerging markets nations have suffered from. And even though low commodity prices are a concern (oil in Mexico, coal and oil in Colombia, copper in Peru and Chile) these nations do not look very risky going forward.

2. Strong growth prospects

Better yet, The Bank of Nova Scotia's presence in Latin America will allow the bank to grow for years (even decades) to come. This is something that should make the other banks envious. To make this

point clear, let's look at where the other big five banks are looking for growth.

Two (**Toronto-Dominion Bank** and **The Bank of Montreal**) are concentrating on the United States, where an ultracompetitive marketplace limits profitability. **Royal Bank of Canada** is focusing on Capital Markets and Wealth Management, two volatile businesses. And **Canadian Imperial Bank of Commerce** has few avenues for growth at all other than acquisitions.

3. A bargain price

In Canadian banking, if one stock trails its peers one year, it's likely to outperform the next. Based on that logic alone, The Bank of Nova Scotia is certainly worth holding heading into 2015. This is further reinforced by the company's stock price. As of this writing, the shares trade at less than 12 times earnings, cheapest among the big five. So now is a great time to own the shares.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

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

Category

1. Bank Stocks
2. Investing

Date

2025/07/22

Date Created

2014/12/30

Author

bensinclair

default watermark

default watermark