



## This Canadian Bank Is Your Best Bet for 2017

### Description

It's been a fantastic year for the banks. They've netted terrific double-digit returns this year after recovering from what was a tough 2015. All of the Canadian banks are riding huge tailwinds and have strong upward momentum as we head into 2017.

It may come as a surprise to you, but the stock most poised to outperform next year isn't a part of the Big Five. The stock I'm referring to is **National Bank of Canada** ([TSX:NA](#)), Canada's sixth-largest bank and the largest bank in Quebec. The company was one of the seven Canadian stocks included on **Royal Bank of Canada's** top global picks for 2017 with a projected \$57 price target.

National Bank of Canada enjoyed a fantastic year as the stock soared 39%, and although it sounds like the stock is nearing the end of its rally, there may still be upside left.

There's no question that this bank has flown under the radar for the last few years as investors pay all the attention to the Big Five, and because of this, the bank is extremely undervalued compared to its peers. The dividend is very bountiful at 4.03% and is as safe as they come. The dividend is growing fast, and the payout is just as stable as its peers in the Big Five, but the big difference is that National Bank of Canada doesn't get the respect it deserves from individual investors who seek dividend growth.

It's not a mystery that the average investor looking for a financial holding with a high yield would opt for one of the Big Five banks. However, National Bank is growing very fast with a forward PEG ratio of 0.6 times.

Over the past few years, National Bank has expanded internationally by focusing on emerging markets like West Africa and parts of Asia. These emerging markets will give National Bank the extra boost it needs to grow for the long term, and I believe it's just a matter of time before they catch up in market cap to its Big Five peers.

National Bank is also a safe way to play the rebound in the Canadian economy. The company has the lowest exposure to the Canadian energy patch among the top six Canadian banks. You can sleep soundly, even if you're an oil bear.

The stock has flown under the radar for far too long. There's been fantastic dividend growth over the

past decade, and this will continue for the next decade. The company is growing rapidly by expanding internationally, and you can collect a fat dividend while you wait for this stock to catch up to its Big Five counterparts.

## CATEGORY

1. Bank Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:NA (National Bank of Canada)

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## Date

2025/09/29

## Date Created

2016/12/22

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