



Royal Bank of Canada Stock Passes \$100: How Much Higher Can it Go in 2017?

Description

Shares of **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) closed at \$101.23 on October 20 — up 0.41%. The stock has increased 8.05% month over month. The bank was powered by third-quarter results released on August 23. Net income, excluding the sale of the home and auto manufacturing business, was up 5% to \$2.8 billion. Royal Bank also announced a 5% increase to its quarterly dividend, which is now at \$0.91 per share with a 3.6% dividend yield.

The wealth management and insurance segments saw the largest gains at 25% and 55% respectively. Now, hovering around all-time highs, and with one more quarterly report on the way on November 29, how much higher can Royal Bank soar?

Royal Bank is making impressive technological strides

Royal Bank CEO Dave McKay is confident that the future of banking competition will be a technological battle. In this, Royal Bank has established itself as one of the leaders in Canada. It has boasted the highest customer satisfaction ratings of all Canadian banks for its mobile banking applications. In October, Royal Bank also launched automated personal financial and budgeting on its mobile app as it looks to integrate AI as a boost for customers.

The bank recently announced a partnership with **JPMorgan Chase & Co.** and New Zealand Banking Group Ltd. in launching the Interbank Information Network. This will use blockchain to facilitate global payments, which will be cheaper and faster for users.

Blockchain is a shared ledger of transactions maintained by a person-to-person decentralized network. It is this revolutionary technology that has formed the basis of cryptocurrencies like Bitcoin and others which have taken off in 2017. The move is interesting considering the recent comments made by JPMorgan Chase CEO Jamie Dimon; he called into question the feasibility of Bitcoin and was confident that government regulations would eventually bury it and cryptocurrencies.

The cryptocurrency debate aside, financial institutions have accepted that blockchain is an industry-changing technology, and most major banks have begun to explore its possibilities.

How much higher can the stock go in 2017?

With its fourth-quarter results expected late next month, does it make sense to add Royal Bank stock near all-time highs?

The Bank of Canada's interest rate decision looms on Wednesday, October 25. Statistics Canada released a report on October 20 that showed consumer prices increased in September with inflation moving up to 1.6% — 1.1% excluding gas prices. Retail sales were down 0.3% in August and sales volumes were down 0.7%. Food and beverage sales activity was down 2.5%, and furniture and home furnishings declined 2.4%.

After the flat GDP July report that broke eight consecutive months of growth, there are signs that the Canadian economy is beginning to slow after overperforming in the first half of 2017. This may temper improved investor sentiment, but a holding pattern from the Bank of Canada also has the potential to alleviate pressure on debt-ridden Canadians after two interest rate hikes in July and September.

Royal Bank stock had opposing reactions to both rate hikes. It experienced a gradual decline into September near 2017 lows following the July 12th hike, and it has now spiked past triple digits for the first time in its history following the September 6th hike. It may be a good time to take profits with the Canadian economy slowing into the final months of 2017, but I still love Royal Bank stock for the long term.

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