



Want to Beat the Market in April? Keep it Simple and Buy These 3 Stocks

Description

The S&P/TSX Index rose 74 points on March 26. This represented a modest bounce back after it suffered consecutive triple-digit losses to close the previous week. It has dropped 5.6% in 2018 thus far, and pressure will likely remain, as we look ahead to the next central bank rate decision in April.

Where should investors turn with volatility making a comeback? Attending to the profit machines that are Canadian banks is not a terrible start. Rising rates are making investors anxious, but superior margins should boost profitability for bank credit segments going forward, even if growth is slowed by new regulations. Let's take a look at three of my top options heading into April.

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#))

Bank of Nova Scotia stock has dropped 2.3% in 2018 as of close on March 26. Shares are up 1.8% year over year. Bank of Nova Scotia possesses a significant footprint in fast-growing Latin American economies. [Developing markets are an attractive value play](#) to start 2018, while stock markets in developed nations face heightened volatility due to shifting monetary policy and rising trade tensions.

Bank of Nova Scotia released its first-quarter results on February 27. It posted net income of \$2.33 billion compared to \$2 billion in Q1 2017. Its international banking segment saw net income climb 16% to \$667 million, and its Canadian banking segment also reported 12% growth to \$1.10 billion. Bank of Nova Scotia also hiked its quarterly dividend to \$0.82 per share, representing a 3.9% dividend yield.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#))

Royal Bank stock has declined 2.7% in 2018 so far. Shares have climbed 3.4% year over year. At the end of the most recent earnings season for banks, Royal Bank reclaimed its title to become the largest Canadian bank with \$1.28 trillion in assets. It released its first-quarter results on February 23.

Royal Bank declared a one-time charge of \$178 million due to the U.S. Tax Cuts and Jobs Act, which was signed into law in December 2017. As with other institutions with a large U.S. footprint, Royal Bank is [likely to benefit](#) from the dramatic reduction in the corporate tax rate south of the border. Personal and Commercial Banking saw net income rise 8% from Q4 2017 to \$1.52 billion. This growth

has been propelled by higher average volume growth and higher fee-based revenue in its Canadian banking sector.

Royal Bank also hiked its quarterly dividend by 3% to \$0.94 per share, representing a 3.5% dividend yield.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#))

TD Bank stock has decreased 0.35% in 2018 and is up 12.6% year over year. It is the second-largest bank in Canada with \$1.26 trillion in assets reported after the first quarter. TD Bank also absorbed a sizable one-time tax charge of \$405 million, as it boasts the largest U.S. footprint of any Canadian bank. Canadian and U.S. retail banking both delivered double-digit growth in the first quarter.

TD Bank announced a quarterly dividend of \$0.67 per share, representing a 3.2% dividend yield.

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