



## 3 Reasons to Buy Royal Bank of Canada (TSX:RY) Stock Ahead of Earnings

### Description

**Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) stock had dropped 6.8% in 2018 as of close on November 15. Shares were also down 4% year over year. Heading into November, Royal Bank stock had just passed through a 52-week low.

Canadian financials have been pummeled since late September, but the final round of bank earnings is on tap in late November and early December. Royal Bank remains an enticing target before its fourth-quarter earnings release. In this article we will explore three reasons why investors should consider adding Royal Bank stock before the key date.

### Volatility is generating discounts

Canadian bank stocks have not been spared from the [global stock market sell-off](#) that has extended from late September into the middle of November. Royal Bank stock was down 5.7% over a three-month span as late September put a halt to a steady climb that began in the middle of April. Earlier this month I'd discussed why Canadian banks were [attractive](#) at this point.

Investors will have missed out on the chance to add Royal Bank at its 52-week low of \$93.13, which it reached in the final days of October. The stock quickly climbed out of oversold territory, and its **Relative Strength Index** (RSI) sat just below 40 as of close on November 15. The chance to buy at such a low price has likely passed, but a strong Q4 has the potential to propel Royal Bank much higher.

### Royal Bank set to cap off a solid FY2018

The bank is set to release its fourth-quarter and full-year results before markets open on November 28. Royal Bank earnings have been very solid in 2018 so far.

For the first nine months of 2018, Royal Bank has reported net income of \$9.18 billion, which is up 6% from the same period in the prior year. Excluding the proceeds from the sale of Monerus in Q1 2017, net income has climbed 9% year over year, while diluted earnings per share is up 11% on an adjusted basis.

Like its peers, Royal Bank's retail banking has been bolstered by improved margins from higher rates and solid volume growth. Its Wealth Management and Capital Markets segments have also turned in a good performance year to date.

### **Income to feast on in a choppy market**

Market turbulence has driven many investors to re-evaluate their portfolios in the final weeks of 2018. For those who want to swap out growth stocks for income, Royal Bank is still a very good option. Royal Bank last announced an increase to its quarterly dividend of 4% to \$0.98 per share, representing a 3.9% yield.

Royal Bank has delivered eight consecutive years of dividend growth. Its discounted price puts its yield into good company, which is another notch for the stock ahead of its earnings release. For those seeking growth, Royal Bank offers a nice balance in volatile periods.

### **CATEGORY**

1. Bank Stocks
2. Investing

### **TICKERS GLOBAL**

1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

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