



## Act Now and Buy This Discounted Dividend-Growth Stock Yielding 3.8%

### Description

This past weekend, I'd [covered](#) the top two Canadian banks and tried to determine which was the better hold as we head into 2019. Financials have struggled mightily in the final months of 2018. The S&P/TSX Composite Index was down over 150 points in early afternoon trading on December 10, with energy and financial stocks plunging into the red.

Economists and analysts are split over how 2019 will shake out. Growth in Canada and the United States is set to slow, especially as the benefits of tax reform dissipate in the U.S. For this reason, some investors may seek more conservative options. Today we are going to look at a regional Canadian bank that has boasted stellar dividend growth for over two decades.

**Canadian Western Bank** ([TSX:CWB](#)) stock was down 2.94% in early afternoon trading on December 10. Shares have plunged 25.8% over the past three months. The stock is down 32% in 2018 so far.

Canadian Western released its fourth-quarter and full-year results on December 6. Overall, results were very strong for the bank in 2018. In the fourth quarter, net income rose 6% year over year to \$65 million and total revenue climbed 7% to \$209 million. After adjusting for the impact of gains on sale related to its CWT transactions, Canadian Western posted 15% growth in its adjusted cash earnings per share.

For the full year, net income increased 16% from 2017 to \$249 million. Adjusted cash earnings per share climbed 14% year over year to \$3.01 and total revenue rose 11% to \$803 million. Canadian Western posted impressive loan growth of 13% for the year on the back of its business lending acquisitions back in January. The bank's Alberta-based loans now represent 32% of total loans, which is down from 41% in 2014.

This last piece is good news for investors who are concerned about local risks in western Canada. Oil and gas prices have [tumbled further](#) this fall, which has plunged the oil patch into crisis. Canadian Western will hope to strengthen its diversification as part of its balanced growth strategy in 2019. Thus far the bank has executed its goals well.

Taking a glance at its technicals, Canadian Western is an enticing addition as stocks continue to show

major weakness in early December. As of close on December 7, Canadian Western boasted an RSI of 26. This indicates that the stock is oversold. It is worth noting that shares have dipped into oversold territory three separate times since early October, which speaks to the volatility we have seen in the fall.

On December 5, Canadian Western declared a quarterly dividend of \$0.26 per share. This represents a solid 3.8% yield. The bank has achieved dividend growth for 26 consecutive years. Canadian Western's impressive history of dividend growth makes the stock more enticing, especially considering the discount signals it is giving off after its most recent earnings release.

Canadian Western looks like an attractive addition as of early afternoon trading on December 10. Its stock is trading at a 52-week low after very positive earnings, and the bank has hiked dividends for over 25 years. For those looking to be greedy when others are fearful, Canadian Western is a very solid bet right now.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:CWB (Canadian Western Bank)

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