This Bank Stock Is All You'll Ever Need

Description

Short-term. Long-term. Dividends. Steady growth.

The **Royal Bank of Canada** (TSX:RY)(NYSE:RY) has it all.

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If you're a fairly lazy investors and just want something steady and stable that you'll see grow for decades, giving you cash in pocket every quarter, then it doesn't get much better than Royal Bank. Here's why.

Time to buy

With a potential recession in the future, Royal Bank has hit a minor slump as of late, falling about 2.5% since the end of April. It's not alone, as other banks have fallen for fear that a potential recession could mean dropping stocks across the board. Granted, if you owned this stock and have had it for years and are ready to cash out, fine. But if you're looking for a time to buy, it could be now while the stock is down.

After all, analysts believe that this stock has a strong future ahead. In the short term, over the next 12 months some analysts believe the stock could rise to $130 per share, an increase of almost 20%, due to its strong future business prospects, with a P/E ratio of 12.3.

Growing south

Part of this strong future business is the bank's expansion into the U.S. Royal Bank has already started growing its operations south of the border, but it's the bank's success in the wealth and commercial management sector that has analysts excited about the stock. This is a highly-lucrative industry, and could mean incredible growth for the bank over the long-term.

Preparing its books

After a strong first quarter, analysts praised Royal Bank for readying itself for the potential recession. The bank reported $2.19 in earnings per share, and revenue of $11.59 billion for the quarter, beating analyst expectations. With the next earnings coming up on May 23, investors may want to buy now before the company likely announces even better results ahead of a slowdown.

The dividend

Again, if you're a lazy investor, there is one thing you should be looking for: dividends. Royal Bank has them, with a strong history of increasing those dividends year over year, with an average of 3.5% increase over the last three years, and a payout ratio of 45.17% in trailing 12 months earnings. The dividend currently sits at 3.82% at the time of writing, or $4.06 per share per year after an increase of $0.04 in February.

Bottom line

No matter what happens in the future, whether it's a recession or a boost, Royal Bank is a company well prepared for whatever the industry throws at them. Its diversification into strong, healthy markets has put it in a position to not only rebound out of a potential recession, but also to soar in share price in the near and long-term.

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For the lazy investor looking for a steady increase in share price, just look at its historical performance. In the last decade, Royal Bank has grown from around $43 per share to where it is now around $104 per share, an increase of almost 150%! That means an investment today could turn into $156 per share in the next decade.

While you wait, you can watch your cash stock grow on the sides, reinvesting if you want to and getting at least $1 per quarter per share. This means that if you took the $63,500 of contribution room in your TFSA and put it all on RBC, you could have $95,250 in shares in a decade, and $24,888 from dividends alone.

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alegatewolfe

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