



Bet on Latin America: 2 Stocks I Love Right Now

Description

When this year began, [emerging markets](#) had just climbed out of a bear market. North American markets have bounced back nicely throughout the year, with both the TSX and S&P 500 soaring to new heights in November. Still, emerging markets are expected to fuel global economic growth into the next decade.

Today, I want to focus on two Canadian companies that are betting on growth in Latin America in order to carry them into the 2020s. Latin American economies do not offer the explosive growth we have seen in Asia, but they are still outpacing developed markets.

Scotiabank

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) is the third largest of the “Big Five” Canadian banks. It is often referred to as the “International Bank” because of the large footprint it boasts in specific regions across the globe. The bank has a deep presence in Latin America.

In the third quarter, Scotiabank reported net income of \$781 million in its International Banking segment. This was up 14% from the prior year. Growth was powered by higher net interest income on the back of strong loan growth in the Pacific Alliance countries. The Pacific Alliance is formed by Chile, Colombia, Mexico, and Peru.

Investors can expect to see Scotiabank’s fourth-quarter and full-year results for 2019 on November 26. The stock boasted a price-to-earnings ratio of 11.5 and a price-to-book value of 1.4 as of close on November 19. Shares are trading just below its 52-week high, so value investors may want to wait on a more attractive entry point before jumping in. It offers a quarterly dividend of \$0.90 per share, representing a 4.7% yield. This is still one of the [best yields](#) among its peers.

Dollarama

Dollarama ([TSX:DOL](#)) is the largest dollar store retailer in Canada. Shares have climbed 45.9% in

2019 after the stock appeared to stumble in 2018. The stock has achieved average annual returns of 30% over the past 10 years, making it one of the most reliable growth stocks on the TSX since the Great Recession.

The dollar store retail industry has entered a golden age in North America over the past decade. Its customer base underwent a significant expansion after the recession, and this trend is starting to appear in international markets as well. In August, Dollarama closed its acquisition of 50.1% interest in the Latin American retailer Dollarcity. The retailer has posted stronger sales per square foot than at Dollarama's Canadian stores. Dollarcity plans to open 600 stores spread across El Salvador, Guatemala, and Colombia by 2029. There is promising growth potential in this acquisition for Dollarama.

Investors can expect to see Dollarama's third-quarter fiscal 2020 results before markets open on December 4. In the first six months of the fiscal year Dollarama has reported gross profit of \$762 million compared to \$721 million in the prior year. Diluted earnings per share have come in at \$0.78 over \$0.73 for the same period in fiscal 2019.

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2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:DOL (Dollarama Inc.)

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