



BUY ALERT: This 4.1% Yield Dividend Stock Just Upped its Payout!

Description

This week, markets are crashing worldwide on fears that the coronavirus spread will wreak havoc on the economy. Over the course of just two days, the S&P 500 slipped 6.3%, while the TSX took a smaller, but still substantial, dip.

While there's no doubt that investors have legitimate concerns, the latest market selloff has only made certain stocks more attractive. In this article, I'll explore one 4.1% yield dividend stock that just recently increased its payout after posting solid Q1 earnings — despite all the headwinds in the broader economy.

Royal Bank

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is Canada's largest bank. With a huge Canadian retail banking business and major wealth management operations in the U.S. and the Caribbean, it's a truly global financial institution. Over the years, RY has delivered slow and steady but unambiguously positive results to investors, driven by strength in its [wealth management business](#).

Although Royal Bank's retail banking operations are highly domestic focused, and therefore exposed to consumer credit weakness, its wealth management operations are another story.

Royal Bank's wealth management business is highly international. In 2019, it grew 12.6% year over year, while personal and commercial banking grew at just 6.2%. This indicates that RBC's international operations are paying off, offsetting the risk from exposure to domestic consumer credit.

A solid quarter

In its most recent quarter, Royal Bank reported solid results, with net income up 11% from the prior year. That's an excellent growth figure for a mature Canadian bank. Interestingly enough, in the recent quarter, growth was actually driven mostly by capital markets and personal and commercial banking; wealth management took a dip in the quarter. This is a break from historical norms, which have seen

wealth management as RBC's principal growth driver.

Dividend income on the rise

As a result of its solid Q1 earnings, Royal Bank hiked its common share dividend by \$0.03 a share, bringing the payout to \$1.08. That's not a massive percentage increase, but Royal Bank was already a high yielder before the dividend was declared, with a yield of approximately 4%. Now, Royal Bank yields about 4.1%, and that yield could go higher in the future.

Foolish takeaway

Over the years, RBC has proven itself to be a paragon of financial stability, growing slowly but surely year after year. In its most recent quarter, the bank delivered above-average growth and increased its dividend to common shareholders — a major vote of confidence from management.

This week, markets have been getting hammered, thanks to coronavirus fears and concerns over ongoing rail blockades. However, as we saw from RBC, that doesn't mean individual stocks can't be great buys. In the midst of global market panic, the bank is posting record earnings and increasing its dividend. The company's stock would be a [great one to consider](#) for any long-term, dividend-growth-oriented portfolio.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/08/29

Date Created

2020/02/29
Author
andrewbutton

default watermark

default watermark