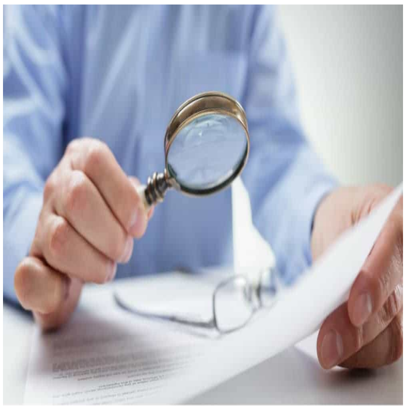

2 Dividend Stocks That Endured the 2008 Market Crash

Description

The latest ensuing market crash is devastating global stock markets across the board. It is crushing Canada's Big Five Banks. Shares of Canada's largest lender, **Royal Bank of Canada**, are down by more than 15% from the February 21, 2020, peak.

Similarly, shares of **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) and **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) are down by 18.14% and 18.01%, respectively, from the start of the year.

The short-term outlook for all significant equities looks poor. The statement is more accurate for Canada's most prolific financial institutions. Despite the near-term outlook, I think both BNS and TD offer investors something to look forward to.

Let's take a look at how the two financial institutions fared during the market crash of 2008 for reference.

Scotiabank

At writing, the Scotiabank stock is trading for a forward P/E ratio of 7.93 and a 1.12 P/B value ratio. The bank's shares will likely pull back further, as the coronavirus-crazed sell-off increases. Still, I think it should not deter you from investing in the stock.

In 2008, Scotiabank pulled through the financial crisis like a champion. The bank delivered a total return of 125% during the 2008 recession, and it has grown significantly since then. With dividends reinvested, the bank has a compounded annual growth rate (CAGR) of 6.34%.

The price chart for BNS during October 2008 and October 2009 has a V-shape. The stock dipped along with the broader markets, but it came out of recession significantly stronger.

Until the coronavirus epidemic took a foothold, BNS reported a solid fiscal Q1 2020, despite a softer outlook. The bank has an excellent balance sheet this year. It finished its first quarter of fiscal 2020with a common equity tier one capital ratio of 11.4% — 0.3% higher than 12 months ago.

Toronto-Dominion

At writing, the Toronto-Dominion stock is trading for a forward P/E ratio of 8.55, and it has a 1.31 times P/B value. Like other financial institutions, we can expect TD to see a further decline due to the ensuing market correction.

Would I recommend running away from it? No.

The TSX Composite Index lost 35.03% of its value during the 2008 financial crisis. In the same period, TD lost 35.33% of its share prices, reflecting the performance of the broader market during the financial crisis. It is apparently on the same trend during the coronavirus-fueled sell-off.

In the years following the stock market crash more than a decade ago, TD crushed the market. It became the strongest-performing bank among the Big Five with substantial gains. The stock has a 10-year CAGR of 9.41% at writing — one of the most impressive I've seen for any equity on the TSX.

Foolish takeaway

Shares from both stocks have a historical reputation for being reliable among peers in the sector. I think the current share prices for both the BNS stock and TD stock are at a discount. Considering the possibility of doubling down on shares from both banks could be a lucrative long-term prospect for investors.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date
2025/07/04
Date Created
2020/03/17
Author
adamothman