



Why Royal Bank of Canada (RY) Stock Price Fell 12.7% in March

Description

In March, the Royal Bank of Canada stock price lost 12.7% of its value and the **TSX Composite Index** lost 17.7%. Many companies lost even more of their values. It was simply a month of huge wealth destruction anyway you look at it.

When looking at the performance of all bank stocks in March, we have to look no further than the coronavirus battle. It is being waged in every corner of the globe and is affecting everything. It's that simple.

Back in the [2008 financial crisis](#), Royal Bank of Canada stock price fell 44% in five short months. Back then, large financial institutions were failing globally, leaving burning questions even for Canadian banks. The problem was with banking and financial systems.

Today, the bank is facing a different but potentially equally sinister threat. We don't know how long this disruption will last, and we don't know how what the other side will look like.

But the bottom line is that Royal Bank is a well-capitalized bank that's in better shape today than ever. Royal Bank stock is 24% lower than its highs of this year at writing.

Today, it's a matter of survival. Those companies with the government support and financial capability to emerge from this disruption will emerge strong right along with us as we eventually emerge out of this virtual shutdown. [Canadian banks have this.](#)

Coronavirus shutdown drags Royal Bank stock price down

The virtual shutdown of the economy due to the coronavirus has taken down stock markets everywhere. This is not surprising and certainly self-explanatory. But what does this mean for Canadian bank stocks like Royal Bank of Canada?

Royal Bank of Canada stock price has been hit as investors digest the fact that the magnitude of bad loans will be rising in the coming months. Many loans, from oil and gas company loans to personal

loans, will be placed into question and at risk.

Even before this crisis, we have watched Canadian banks increase their provisions for loan losses at an accelerating pace. Well, this economic shutdown will clearly exacerbate this issue.

Royal Bank of Canada is a well-capitalized bank with a leading position in Canada and a \$118 billion market capitalization. The bank enjoys industry-leading operating efficiency with a dominant market share in many segments.

It's in everyone's interest for a Canadian bank such as Royal Bank to survive and even thrive, which is the main reason this crisis will prove to be a once-in-a-lifetime opportunity to buy Royal Bank stock.

Foolish bottom line

The Royal Bank of Canada stock price is certainly in for a rough ride as a result of the coronavirus. But this is true of all stocks — and all businesses. Royal Bank has financial strength on its side. It also has the government on its side. As help pours into businesses to keep the economy afloat, this will become increasingly apparent.

Today, Royal Bank of Canada is providing investors with an incredibly attractive dividend yield of 5.22%. While the bank will fall into more difficult times ahead, this dividend has proven to be sticky in the past. Banks do not want to reduce dividends and they take all necessary precautions to ensure that they don't have to.

Even in 2008, the dividend was maintained. So at minimum, we have a pretty safe dividend yield to take us through the uncertainties of the next little while.

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

2025/08/28

Date Created

2020/04/01

Author

karenjennifer

default watermark

default watermark