



Why Scotiabank Stock Could Be a Steal at These Levels

Description

Historically, Canadian banks have been among the most stable globally in times of crisis. For banks like **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), this has proven to be the case once again.

Indeed, investors in BNS stock have seen this stability play out in terms of Scotiabank's performance of late. This stock is approaching its all-time high right now, an absolutely impressive feat from where this stock was trading just a year ago.

A lot has changed since then, and investors are increasingly growing optimistic on financials plays. Here's why [I share that same optimism](#) with Scotiabank right now.

Impressive earnings pave the way for Scotiabank stock

Scotiabank's recent Q2 earnings release was a thing of beauty for investors. The company approximately doubled its net income year over year to the tune of \$2.5 billion. On an adjusted basis, Scotiabank's earnings per share came in at \$1.90. This easily surpassed consensus analyst projections of \$1.76 for the quarter.

Additionally, Scotiabank's common equity tier one ratio hit the 12.3% mark. This is among the best of its peers and signals to the market Scotiabank is solid in terms of its liquidity position right now.

These numbers certainly paint a rosy picture for this banking giant right now. Indeed, the company's diversified global footprint and attention to earnings quality is one of the key reasons to own this stock. These numbers are so good, they are hard to ignore. And if the economy continues to recover as investors expect, similar results could be on the horizon in subsequent quarters.

Growth prospects remain strong

It turns out I'm not the only one bullish on Scotiabank stock right now. Investors and analysts have increasingly shared similar views on this Big Six bank.

The company's recent Q2 results highlight robust earnings growth of late. This earnings growth has improved Scotiabank's valuation multiple and made this stock more attractive to those analyzing the company. Improvement in loan-loss provisions paved the way in this earnings beat. Nevertheless, an earnings beat is an earnings beat. And investors are correctly becoming more bullish on this stock by the day.

Recent strong ratings from analysts at RBC Dominion Securities, Credit Suisse, and Desjardins Securities highlight Scotiabank's strong trajectory. These analysts appear to have the view that the recent impressive performance Scotiabank has provided investors is sustainable. Indeed, if the worst is over from this pandemic-driven economic turmoil, it's easy to see why such a view could be taken.

Bottom line

Scotiabank's current trajectory is impressive, and analysts and investors seem to like the direction this stock is headed. Whether or not this growth is sustainable remains to be seen. However, the outlook for Canadian banks hasn't been this bullish in some time.

For optimists out there, Scotiabank remains a great pick at these levels. It's a tough market to invest in right now. But owning the highest-quality names in any market is one way investors have outperformed over the long haul. Scotiabank is one such stock.

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1. NYSE:BNS (The Bank of Nova Scotia)
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