



## Why Scotiabank Stock Could Be the Top Pick of This Summer

### Description

As we head into a new normal, various pandemic reopening plays are picking up steam. Among the sectors investors are looking at are banks. Indeed, in this environment, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), or Scotiabank stock, certainly looks attractive.

Indeed, these stocks are some of the few that are trading at fair value, with tonnes of potential long-term upside. And historically speaking, Canadian banks have been stable, long-term outperformers for investors.

Accordingly, let's take a look at why Scotiabank could be one of the [best picks](#) of this summer.

### Scotiabank stock could outperform its peers

Over the past few decades, the Canadian banks have moved forward largely in sync. Investors tend to view these securities as carbon copies of each other. Indeed, this makes sense, given the similar drivers behind each of the banks.

In the short term, large Canadian banks tend to play a game of leap-frog. One or two move ahead of the others in terms of valuation, while others lag and provide higher yields. These short-term movements provide buying opportunities to pick up the laggards at a reasonable price.

And Scotiabank's peers have largely outperformed of late. Scotiabank is up over its 2019 highs, but not to the same degree as some of its peers. Accordingly, one could make the view that there's more room to run with this stock.

Of course, Scotiabank's growth drivers ought to be taken into account. After all, this lender has the most exposure to Latin America among its peers. And given the boom that could come from this hard-hit region as a result of the pandemic, the reopening thesis is perhaps stronger with Scotiabank than with its peers.

Accordingly, I see more near- to medium-term upside with Scotiabank relative to its peers right now.

Over the very long term, all banks should do well. But for investors seeking one specific large Canadian bank, Scotiabank is a great choice right now.

## Bottom line

In addition to Scotiabank's growth profile and potential peer-beating upside in the near- to medium-term, this bank is also one with some of the strongest fundamentals.

Indeed, Scotiabank's dividend track record is truly impressive. The company's 4.5% yield is among the highest of its peers. And this comes as the company reports stellar earnings growth, with more likely on the horizon.

As Scotiabank returns to dividend hikes and share buybacks, investors stand to benefit. This is one stock I think investors shouldn't sleep on right now. It may not be this cheap for very long.

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### TICKERS GLOBAL

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

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