



Why in the World Did Scotiabank Stock Soar 17% in 2021?

Description

The Big Six Canadian Bank stocks are widely considered to be excellent long-term investments. [If you are just starting to invest](#) in the Canadian stock market, any of the banking stocks could make an excellent place to begin.

The financial institutions offer terrific long-term shareholder returns through solid and reliable dividend payouts and gradual appreciation in share prices. Many of the top names in the banking sector have paid [shareholder dividends](#) each year for well over half a century.

You can expect many things from Canadian banking stocks, but rapid price appreciation is a quality that investors don't traditionally attribute to Canadian banks. Yet, the **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) has managed to provide its investors with over 17% in returns through capital gains in 2021.

Today, I will discuss Scotiabank stock to help you determine why it soared in 2021 and why it could be an ideal long-term investment for you to consider if you want to generate stellar returns for your portfolio.

A lucrative international banking segment

Scotiabank is the country's third-largest bank by market capitalization and has trailed some of its peers this year due to a large international division focused on the Pacific Alliance countries that include Mexico, Peru, Chile, and Columbia.

The four Latin American countries were hit hard in the pandemic and are going through turbulent political environments. However, it is Scotiabank's international banking segment that has proven to be the primary growth driver for the Canadian bank.

Scotiabank's focus on the banking sector in the region offers it an advantage over its peers. The Pacific Alliance is a trade bloc that is charged with reduced tariffs between its members and strong trade activities. Collectively, the four countries boast a combined gross domestic product of more than

US\$1.8 trillion. Despite the weakness in the region due to the pandemic, the bank's investment into the Pacific Alliance has been profitable.

As global economies continue to recover from the economic fallout of the pandemic, these countries are expected to provide a massive boost to Scotiabank's revenues. Consider the possibilities that a global bank has in a region with branches all over the four countries.

Foolish takeaway

Scotiabank provided an update on its Q2 2021 earnings earlier this summer. The financial institution reported \$2.45 billion in earnings compared to \$1.32 billion in the same quarter last year. The Canadian bank's international banking segment contributed \$420 million to its earnings in the quarter, an over 140% growth in the segment from the same quarter last year.

As global markets continue to reopen, analysts and experts anticipate that Scotiabank's revenues from its international banking segment will continue to grow. The boost in earnings will likely be reflected in its share price moving forward and in its juicy dividend payouts.

At writing, the Scotiabank stock is trading for \$79.61 per share and boasts a juicy 4.52% dividend yield. Picking up its shares today means that you can lock in the [high dividend yield](#) to generate stellar passive income while you wait for the share prices to appreciate and deliver further returns.

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Author

adamothonman

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