



Got \$500? 1 Cheap TSX Blue-Chip to Bank On Today

Description

If you're like many Canadian investors with an extra \$500 sitting around in their TFSA or any other account, it's typically been a wiser idea just to wait until the sum surpassed the four digits before putting it to work. You need to invest at least \$1,000 to make the hefty \$9.99 trading commission worthwhile (less than 1% of principal to be invested), after all!

Undoubtedly, many Canadians have missed out on the race to zero trading commissions that have been widely enjoyed by our neighbours south of the border. Things are about to change, though, with **National Bank of Canada** ([TSX:NA](#)) recently slashing commissions on its trading platform. It's the first big Canadian bank to do so. And if I had to bet, it will not be the last!

Moreover, National Bank's big move, I believe, could cause further downward pressure on Canadian trading commissions. Indeed, many non-bank brokers provide a far better value for retail investors. That said, I suspect fees could lower even further, as National Bank looks to take share away from the incumbents up here in Canada. As a first mover, I think National Bank could really make a splash and expect its Big Five bigger brothers will be forced to follow suit in 2022.

Got \$500? If you don't have to pay commissions, put it to work!

It is worth mentioning, however, that **TD Bank** has no plans to follow in National Bank's footsteps yet. But it's evaluating the impact. Once it's done its evaluation, don't be surprised if TD's solid platform slashing its trading commissions, if not to zero, then pretty close to it.

At the end of the day, retail investors, especially [younger](#) ones, will gravitate towards the cheapest option. Given National Bank's platform certainly is not bad (it rated around a four out of five on various online reviews), I'd argue that there's a huge incentive for millennials, especially those with limited sums, to make the switch if the big banks don't follow National Bank's lead in the "race to zero commissions."

So, if you're already on National Bank or a commission-free broker, it's time to put the \$500 to work before inflation takes a bite out of its purchasing power. Without further ado, consider the following

TSX blue-chip stock pick:

National Bank of Canada: Canada's Big Six bank is a blue-chip bargain

Surprise! National Bank of Canada, the firm that slashed commissions last month, makes this list. The number-six bank has had a magnificent 2021, but I think it's just getting started. The bank is no longer just an underdog or "that sixth bank" that may or may not be [worthy](#) of grouping with the Big Five. National Bank has become far less regional in recent years, and it's clearly fine with taking the role as a disruptor with its bold move to cut commissions — a move I believe will pay huge dividends down the road.

The stock is just a hair away from its all-time high of just over \$100 per share. At 12.3 times earnings, National Bank is in the middle of the Big Six pack as far as valuation multiples are concerned. The 2.8% yield is at the lower end. Still, if you seek growth with a hint of disruption, I view National Bank as a must-own blue-chip on the TSX.

So, stop referring to Canada's banks as the Big Five! They're the Big Six now. Expect National Bank to speed up with the rest of the pack over the next decade.

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