



Why Royal Bank (TSX:RY) Stock Is up Over 20% Year to Date

Description

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) continues to see shares climb, up 22% as of writing. This compared to the **S&P/TSX Composite Index**, which is up 18% during that same time period. However, despite this incredible growth, Royal Bank stock remains in value territory. So, let's dig into what's caused the [growth](#) and why Motley Fool investors should consider the stock.

The rebound

As I mentioned, Royal Bank stock is up 22% this year. However, since the March 2020 market crash caused by the pandemic, shares are up 68%. And despite being the largest of the Big Six banks with a market capitalization of \$187 billion as of writing, it wasn't alone in this rebound.

The economic recovery has been good for Royal Bank stock. But the crash proved to not be as bad as the bank thought it would be. Sure, no one could have predicted a pandemic. Yet a market crash seemed to be imminent after more than a decade of strong growth.

This meant Royal Bank stock had time to prepare and protect itself from a market crash. As the biggest bank in the country, it also meant it was the safest. Now, with the economy in recovery, and interest rates rising, banks, Royal Bank stock included, are great investments at any time.

Performance

The proof of its safety came about during its earnings reports. That includes the third-quarter results. Royal Bank stock soared past earnings estimates, reporting \$2.97 in diluted earnings per share and net income of \$4.3 billion, up 43% from the year before. The last quarter also saw the releasing of its provisions on performing loans of \$638 million. This comes from the improving conditions during the pandemic, with earnings up across the board.

Yet during all this time, Royal Bank stock wasn't able to increase its dividend yield. It's not alone, as there's a restriction against banks increasing dividends during this time. Yet it's rumoured this should

come to an end perhaps in time for the next quarterly report. Royal Bank stock will release earnings on Dec. 1.

As of writing, Royal Bank stock boasts a dividend yield of 3.28%. Yet with no growth in about a year and a half, Motley Fool investors could witness double-digit growth not just this year, but for the next few years to play catch up.

It doesn't hurt that it's cheap

Even with all this growth, the improving economic conditions, and the potential for a huge dividend boost, Royal Bank stock remains cheap. The bank currently has a price-to-earnings ratio of just 12.4, and price-to-book ratio of 2.12. That puts it well within value territory.

The bank is a great one to pick up at any time. With a compound annual growth rate in shares of 15.81% in the last decade, that's strong double-digit growth you can practically count on for [decades](#) to come. A \$10,000 investment in Royal Bank a decade ago would be worth \$25,384 today.

As mentioned, shares of the company are up 22% year to date, with earnings due Dec. 1, 2021.

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