1 Top Dividend Stock That is Way Too Cheap!

Description

Markets have been quite turbulent of late due to a perfect combo of rate hike jitters and surging Omicron cases across the globe. With the Netherlands locking down once again, Canada and America's hopes of navigating through the next COVID wave without having to get really strict again seems to get lower by the day. Indeed, the early data that suggested less severe impact of Omicron, referred to by some outlets as "Omicold," may not be less virulent as the Delta variant. At least that's what is suggested by the latest study, which didn't rule out the possibility that Omicron could be as deadly as Delta. However, it is likely still too early to tell for sure.

All we know is that Omicron is more contagious, and it's moving at an alarming rate. If it is virulent, contagious and evasive of vaccines, there could be turbulence in store for markets in the first half of 2022. It's hard to gauge the impact on the world economy. It's easy to dismiss Omicron as having a mild impact, especially given the world has adapted so much since the first wave. That said, the pandemic remains as unpredictable as ever. As such, investors must prepare accordingly, so they're not put in a spot to sell on fear like back in February 2020.

Be ready for volatility in 2022

Just as the world has adapted to live alongside the virus, investors must also adapt to know how to invest as the pandemic rages. Many thought the pandemic would be winding down or even over by now. Unfortunately, Omicron may be more insidious than originally expected. And for that reason, investors should stay smart and stay with resilient firms that can hold up in another lockdown. Further, investors should insist on getting paid a nice dividend should inflation grow harder to tame.

Indeed, the worst-case scenario sees Omicron slowing the economy drastically, with the U.S. Federal Reserve keen on raising interest rates, regardless. While a stagflationary environment may seem far-fetched, investors should be prepared for such a low-probability, high-impact event. At the end of the day, investing is all about managing risks and achieving relatively solid risk-adjusted returns in any type of market "weather."

Value you can bank on!

Currently, **Scotiabank** (TSX:BNS)(NYSE:BNS) stands out as a great value in the higher-yielding corner of the **TSX Index**. Scotiabank is Canada's most international Canadian bank with exposure to higher-growth emerging markets like Latin America. At the cost of higher growth potential comes elevated risks. With Omicron spreading rapidly once again, it's the emerging markets that stand to take a bigger hit. Amid COVID, Scotia is arguably the riskiest of the Big Six banks to be a buyer of, given emerging markets could take longer to heal from severe waves of COVID.

That said, Scotia has a great domestic business and most of the international pressures have likely already been baked into the share price. Shares of BNS just recently broke out to new all-time highs. With shares at $87 and change, the 4.6%-yielding bank boasts a cheap 11.3 times earnings multiple. With higher rates on the horizon, Scotiabank is a compelling value as it makes the most of what is likely to be the two biggest risks of the new year.

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