Market Bargain: 1 TSX Dividend Stock to Buy in February

Description

TSX dividend stocks definitely seem like an intriguing place to be this February following the latest pullback. With inflation expected to persist above the 3% range for quite some time, thanks in part to the Bank of Canada's lack of action on the rate hike front, savers are going to be penalized by sitting on the sidelines for too long. Indeed, high levels of inflation are akin to a tax on savers.

It's tough to see prices rocketing higher over the past year. Canadian consumers need some sort of relief. Fortunately, equities are a great place to reduce the impact of inflation to get a leg up on one's wealth creation. Real returns could be hard to come by this year. That's why it's wise to insist on getting paid a high dividend in case capital gains are few and far between should markets flirt with bear market territory.

In 2020, speculation and "growth at any price" paid off big time. This year, the tables have turned. Those who stood by value are doing all right versus the broader indices right now. Eventually, growth will heat up again, but with rates likely to rise much higher from here, I'd argue that value could have at least a year or two to shine. Undoubtedly, growth has outperformed value for years. Could higher rates and the recent plunge in tech stocks represent the passing of the torch? I think it could. As such, investors should insist on dividends at a reasonable multiple in February.

Dividend bargains exist this February! Time to go bargain hunting?

In this piece, we'll have a closer look at one of the most intriguing dividend stocks that have the wind to its back. The magnitude of such winds, I believe, has yet to be factored into the current valuation as a result of broader market volatility. Indeed, volatility is an enemy of the short-term investor. For those in it for the long haul, though, volatility ought to be seen as a friend. Higher volatility means a less-efficient Mr. Market. A less-efficient Mr. Market means more opportunities to buy TSX dividend stocks at considerable discounts to their intrinsic value. Indeed, stock pickers have a lot to be thankful about this February, as market volatility looks to take it to the next level.

Currently, internationally focused Canadian bank **Scotiabank** (TSX:BNS)(NYSE:BNS) stands out to me as a top TSX dividend stock worth picking up in late February.

Scotiabank: A market bargain that's too good to pass up?

It's not a mystery that the big banks are beneficiaries of a rising-rate environment. The lack of action from the Bank of Canada could allow investors an opportunity to load up before what could be the next leg of a rally to much higher levels. Scotiabank strikes me as one of the cheapest names in the Big Six right now for the punishment it's been dealt for its emerging markets exposure. Yes, emerging markets have taken a hit amid the pandemic. But over the next 10 years and beyond, such exposure could lead to above-average growth and gains for BNS shareholders.

Whenever you can get such exposure at a discount, investors should consider acting on the TSX dividend stock. Now, international banking won't bounce back overnight. In fact, it could take many years for the tides to turn. Indeed, Scotiabank may be a riskier flavour of bank. But at just 12.1 times trailing earnings, the risk/reward ratio is tough to pass up, especially if you're looking to hold for at least five years.

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Author
joefrenette