



2 Top Canadian Bank Stocks to Buy for March 2022

Description

Before 2020, most investors looked into bank stocks for their dividends. But the trend post-pandemic has been quite different. Most banking stocks have shown incredible growth post-pandemic, growing more in less than a couple of years than they did in the past several ones.

However, the growth momentum will run out sooner or later. It can be as soon as this month, or it may take months yet to run out. There are two top banking stocks that should be on your radar for either eventuality.

The highest-yielding stock

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) is currently the [highest-yielding bank stock](#) among the Big Six, and that's after its epic growth run of 83% since its market crash valuation. That's more growth than the stocks exhibited in the past several years. The stock is also trading at a 22% premium compared to its pre-pandemic peak.

The bank is currently offering a juicy 4.35% yield, and it recently grew its payouts by \$0.1 per share, an 11.1% bump from its payouts in 2021. If the stock starts to normalize and fall to or below its pre-pandemic value, the yield will become even more attractive.

Even though the short-term growth potential of the stock was quite unappealing during the last three or four years before the pandemic and the post-pandemic growth has more to do with the sector as a whole than the stock itself, the long-term growth potential might be decent enough. So, if you can buy the stock at a dip and lock in a good yield, you may consider holding on to it for as long as possible.

The best growth stock

Among the Big Six, **National Bank of Canada** ([TSX:NA](#)) has been the best growth stock for a while now, and the post-pandemic sector momentum has only fed its natural pace. It's the reason the stock is currently trading at a 35.8% premium to its pre-pandemic peak. Its 136% growth from the market

crash valuation is significantly higher than the sector average.

As the [smallest member](#) of the Big Six, the market cap of the National Bank is relatively small compared to the others. Its \$34.3 million market cap is less than half the market capitalization of the next bank in line (**CIBC**), and that's after the current growth run, which has pushed its market value higher than it has ever been. Yet it shares the same stability that is characteristic of the Canadian banking sector.

Its yield, though not on par with BNS, is not to be despised. The current 3.4% yield is the result of a massive 22.5% boost.

Foolish takeaway

The banking stocks are among the hottest stock investment asset classes in Canada right now, but there is a lingering fear that the strong growth will result in an equally brutal correction. However, a hard fall may be positive from a [dividend investing](#) perspective, as you may be able to lock in a much tastier yield.

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