



Should You Invest in Scotiabank Right Now?

Description

Canada's [big banks](#) are often regarded as some of the best long-term investments on the market. Of those big banks, **Bank of Nova Scotia** ([TSX:BNS](#)) is emerging as the bank to own, and here's why you should invest in Scotiabank right now.

All big banks are not the same

The big banks are often viewed as being very similar. They all offer a great dividend, strong growth prospects, and boast a stable, if not defensive appeal in the domestic market.

What sets Scotiabank apart from its peers is *where* the bank has turned to for expansion. Unlike its peers that focused on the U.S. market, Scotiabank turned further south to Latin America. Specifically, the bank has expanded into Mexico, Columbia, Peru, and Chile.

Those four Latin American nations are party to a trade bloc known as the Pacific Alliance. The Alliance is tasked with reducing tariffs and expanding trade between its members. Because Scotiabank has branch operations in all four nations, it emerged as a preferred lender throughout the region.

In other words, when trade across the bloc took off, it took Scotiabank along for the ride.

That growth is evident in Scotiabank's earnings. In the most recent quarter, the international segment of the bank reported earnings growth of 28%, with loans showing an equally impressive 12% gain. Overall, the segment earned \$625 million, bettering the \$486 million reported in the same period last year.

That's not to say that Scotiabank's domestic arm isn't faring well. The Canadian banking segment reported income of \$1,213 million in the most recent quarter, representing a gain of \$134 million over the prior period.

Why invest now?

With the market as volatile as it has been, some investors may be wondering what makes it a good time to invest in Scotiabank right now. There are actually a few reasons to consider.

First, let's talk about volatility. 2022 has been a crazy year for the market, and there's still over a month left. And in 2022, Scotiabank is now trading down over 20%.

The discount appeal on the stock alone, which has a price-to-earnings multiple of just 8.16, makes it a great option to buy now.

A side-effect of that market weakness is that Scotiabank's [dividend](#) has swelled. The current yield now stands at an incredible 5.97%, handily making the bank one of the best-paying yields around. It's also the highest yield among its big bank peers, and Scotiabank has paid out that dividend for nearly two centuries.

To put that earnings potential into context, let's consider a \$30,000 investment. The current yield will provide an income of nearly \$1,800. Recall that investors not yet ready to draw on that income can reinvest it for future gains.

Speaking of future gains, Scotiabank has provided annual upticks to that dividend for decades. The one gap was during the pandemic when financial institutions were barred from increasing their payouts.

Should you invest in Scotiabank right now?

Every investment, even the most defensive, carries some risk. Fortunately, in the case of Scotiabank, that risk is minimal. The bank is less exposed to the overheated mortgage market than some of its big-bank peers.

In my opinion, Scotiabank is a great long-term investment for [all investors](#) that offers both growth and income-earning potential. It should be a core holding in every well-diversified portfolio.

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