



## BNS Stock: Here's What's Coming in 2023

### Description

The global stock market continues to be in a difficult position as we kick off 2023. Sure, most markets have seen dramatic improvement through the first few weeks of this year. However, many of the same macroeconomic headwinds the world faced in 2022 have not gone away. Inflation is still high, war is brewing in Eastern Europe, and pandemic-related supply chain issues haven't completely gone away.

Sure, things are improving, seemingly on all these fronts. But for investors looking at the outlook for most stocks this year, the only thing that's certain is that there's likely to be a great deal of uncertainty to be priced into most stocks.

Here's the outlook for one of Canada's biggest banks this year.

### A Dividend Aristocrat with high growth potential

One of the biggest and oldest banks in Canada is **Bank of Nova Scotia** ([TSX:BNS](#)), popularly known as Scotiabank.

The lender's impressive [dividend yield](#) of [nearly 6%](#) is undoubtedly alluring. This yield has led to relative resilience with respect to BNS stock, as compared to its peers. Over time, Scotiabank has proven its worth as a Dividend Aristocrat, increasing its payout every year for the past 45 years.

Accordingly, from a passive-income perspective, there are few better TSX stocks to own in this uncertain environment. Yes, the company's relatively high yield could signal the market believes some sort of cut could be in order, or the stock is overvalued right now. But at this level, it's clear that BNS stock will likely derive significant investor interest, at least in the coming months, as investors look for the best bank of the bunch when it comes to the Canadian market.

## New CEO of Scotiabank believes there is space to improve global operations

The new chief executive of Bank of Nova Scotia, Scott Thomson, claims that the rewards from the bank's international strategy haven't matched the risks, and that a great opportunity exists to improve the bank's business lines going forward.

Despite difficulties during the COVID-19 epidemic, according to Thomson, performance in unsecured international retail banking operations has improved. Unsecured lending is the term used by banks to describe loans that aren't secured by assets. Credit card loans are a good example of unsecured lending, because the borrower can take out a loan without pledging an asset as security to repay the amount.

Thomson noted that only a small amount of the bank's overall activities was made up of the unsecured loans, bolstering the bank's position, particularly in international lending markets.

### Bottom line

A remarkably resilient Canadian bank, Scotiabank has been paying dividends for almost 200 years. BNS stock is right now in value territory, providing investors with relatively stable dividend income, while waiting for the next bull market to materialize.

I think the 2023 outlook for Scotiabank is one that could be more positive than the market thinks. If we avoid some sort of deep recession this year, this is a stock with the potential to outperform.

#### CATEGORY

1. Bank Stocks
2. Investing

#### TICKERS GLOBAL

1. TSX:BNS (Bank Of Nova Scotia)

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