



## Why Manulife Stock Is a Top Stock to Buy Right Now

### Description

Interest rates and interest rate-sensitive stocks have been on an interesting ride of late. For investors in insurers like Toronto-based **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) stock, this has provided some intriguing volatility in recent weeks. Indeed, the chart of this top stock over the past six months looks oddly correlated to the U.S. 10-year treasury. And I don't think that's a mistake.

Let's discuss why Manulife stock could be one of the best-performing stocks through the latter half of 2021.

### Interest rates remain extremely low

Investors suggesting bond yields can remain this low over the long term are likely to be disappointed. After all, long-term treasuries tend to track inflation with a small premium. For investors who believe this year's inflation numbers are likely to be in the 5-6% range, it appears bond investors are now 100% aboard the transitory train when it comes to the idea of structural inflation.

I think the bond market is underestimating the inflationary pressures the economy is likely to see. Accordingly, I view the current 10-year yield at 1.26% as obscenely low. When this yield reverts toward its longer-term mean, insurers like Manulife will likely have their valuations reset higher.

For now, Manulife isn't doing too shabbily in this low interest rate environment. In fact, this past quarter, the company posted impressive 67% year-over-year profit growth. This outstanding earnings growth helped the company [increase its dividend](#) towards its long-term average. Currently, Manulife yields 4.6%.

That's a heck of a lot better than treasuries right now.

Indeed, Manulife's business model is one I think investors ought to consider from a value perspective today. The company's ability to receive advance premiums and invest this float in long-term securities is the kind of business Warren Buffett likes. That's not a mistake, and I think investors need to home in on why Manulife is such a great value at these levels. The company's current valuation multiple of only

nine times earnings is dirt cheap. Even compared to banks, there's a massive gap that I can't explain right now.

## Bottom line on Manulife stock

My view on Manulife is increasingly bullish. I think this company's positioning domestically and abroad is extremely bullish for long-term investors. From a value standpoint, Manulife checks all my boxes. From an income standpoint, a 4.6% yield is certainly nothing to sneeze at. And investors shouldn't forget about Manulife's growth prospects.

Indeed, Manulife's [positioning in Asia](#) is worth noting. The company is expanding its presence in key markets and becoming a big insurance player in China. For those who think the vast majority of global growth will come from this region, Manulife is perhaps positioned better than any other insurance company today.

Manulife ticks all the boxes for me. This is a company I'd encourage long-term investors to consider at these levels.

### CATEGORY

1. Dividend Stocks
2. Investing

### POST TAG

1. banking
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### TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)

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## Date

2025/08/16

## Date Created

2021/07/22

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