



3 Stocks to Watch This Week

Description

The **Toronto Stock Exchange 300 Composite Index** (^GSPTSE) ended the week higher, gaining 0.82%. The index is now up by 8% so far this year and by 16% over the previous year.

The index heavyweight banks **Toronto-Dominion** ([TSX: TD](#))([NYSE: TD](#)) and **Royal Bank of Canada** ([TSX: RY](#))([NYSE: RY](#)) jumped after their great profit announcements, shifting both Canadian banks' share prices and the broader overall index higher. This week will bring the results of the other major listed banks; investors hope to see a continuation of the good news.

Watch these three companies in the week ahead

Bank of Montreal ([TSX: BMO](#))([NYSE: BMO](#)), the fourth-largest bank in Canada, will announce its second-quarter results on Wednesday. The expectation is a profit of \$1.53 per share compared to \$1.46 a year ago.

The first-quarter results reflected a 2.4% increase in net income compared to a year ago, with the Canadian personal and commercial banking division and the wealth management division posting strong results. U.S. personal and commercial banking and the capital market divisions fared less well, with year-over-year profit in decline.

The second quarter should deliver equally positive results from the Canadian banking and wealth management divisions, which comprise more than 60% of total income. The U.S. banking operation and the volatile capital markets division may deliver surprises. The weaker Canadian dollar will again boost the translation of the U.S. profits into the home reporting currency.

Bank of Montreal's share price is a middle-of-the-pack performer compared to the other Canadian banks, but it got a boost when both Royal Bank of Canada and TD Bank reported good results last week. It is hoped that Bank of Montreal may also have a positive surprise for the market this week.

Reporting on Tuesday, **Bank of Nova Scotia** (TSE: BNS)([NYSE: BNS](#)) is expected to announce a profit per share of \$1.31 for the second quarter compared to \$1.24 a year ago. The first quarter delivered solid results with balanced contributions from its operating segments and net income per

share up by 6.5% compared to the previous year. Bank of Nova Scotia's share price has lagged compared to the other Canadian banks so far this year. A good performance in the second quarter can set this right.

The bank recently announced that it will be [scaling back its 37% holding](#) in the asset management business **CI Financial** ([TSX: CIX](#)). The CI share price took a hammering after the news, and investors may be looking for more information regarding the disposal in Bank of Nova Scotia's results announcement.

On Thursday, **Canadian Imperial Bank of Commerce** ([TSX: CM](#))([NYSE: CM](#)) is scheduled to report an expected profit of \$2.07 per share compared to \$2.12 a year ago. The first quarter result was solid, even with one-time gains related to asset disposals stripped out.

The second quarter results will be affected by the previously announced recording of a non-cash goodwill impairment charge of \$420 million relating to its investment in CIBC FirstCaribbean International Bank, as well as loan losses totaling \$123 million for the quarter ended on April 30, 2014.

The CIBC share price was the best performer of the Canadian banks so far this year. Its results will hopefully support the optimistic market expectations.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:CM (Canadian Imperial Bank of Commerce)
4. TSX:BMO (Bank Of Montreal)
5. TSX:BNS (Bank Of Nova Scotia)
6. TSX:CM (Canadian Imperial Bank of Commerce)

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