



Are Canadian Banks Still a Good Buy?

Description

Canadian banks have been stable even during times of recession in the United States and the E.U. They are known for having great dividend returns, making them core investments. Although the banks have proven stability during difficult times and great dividends, are they worth investing in right now?

Let's look at three of Canada's largest banks by market cap to see what analysts are recommending and if they are worth your money.

Bank of Nova Scotia

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#))—the smallest of the three banks—is not only highly profitable with a net profit margin of 30%, but its stock price has also outperformed the S&P TSX by 13.88% during the last year. Bank of Nova Scotia has proven itself to be highly effective at turning revenue into profit and increasing its revenue year after year—two things investors enjoy seeing in a company, in profit, and in growth.

The analyst consensus forecast advises that Bank of Nova Scotia will outperform the market. One year ago, analysts changed their advice to investors, moving Bank of Nova Scotia from a hold position to a buy. Bank of Nova Scotia has the momentum and the right market conditions to make it an easy investment decision.

Toronto-Dominion Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#))—the second-largest bank in Canada—has consistently raised its dividends and continues to expand its market in the United States. Canadian financial institutions are considered some of the safest in the world. TD moved into the United States during the global recession and has seen healthy growth in the U.S. during the last decade. The bank has increased its dividend 8% over last year to \$2.40.

Despite the strength of this Canadian bank, the consensus forecast among 17 polled analysts is to hold the position in the company. The previous consensus forecasted that TD would outperform the market.

Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#))—the largest bank—is highly diversified, providing customers with personal and commercial banking, wealth management services, insurance, investor services and capital markets products, and services on a global basis in Canada, the United States, and 40 other countries.

Like TD Bank, the consensus forecast among 19 polled analysts covering Royal Bank of Canada is that investors should hold their positions in the company. The previous consensus forecast advised that Royal Bank of Canada would outperform the market.

Comparison of fundamentals:

Ticker (TSX)	BNS	TD	RY
Market cap	\$93.8B	\$120.7B	\$138.0B
Revenue (TTM)	\$22.9B	\$27.8B	\$25.3B
Shares outstanding	1.2B	1.8B	1.5B
Dividend yield	3.90%	3.67%	3.70%
Annual dividend rate	3.04	2.40	3.48
Analyst consensus	Buy	Hold	Hold

Canadian banks continue to be great long-term investments for dividends and stability even in economic downturns. However, based on the current consensus among analyst, Bank of Nova Scotia is the best Canadian bank to invest in right now. Both TD Bank and Royal Bank of Canada are great core stocks, but analysts are currently advising investors to hold their positions in these companies.

CATEGORY

1. Bank Stocks

2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)

2. NYSE:RY (Royal Bank of Canada)

3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/08/11

Date Created

2017/07/04

Author

dgreenfield

default watermark

default watermark