



Are These 3 Bank Stocks a Bargain?

Description

After late 2016 and early 2017 produced torrid gains for Canadian bank stocks, recent developments have caused share prices to decline. With quarterly earnings set to be released, it is a good time to take a look at what Canada's banks have to offer.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) stock has ceded much of the gains experienced early in the year. As of July 26, the share price has declined 0.32% in 2017. In May, BMO released its second-quarter financial results for 2017. The bank reported net income at \$1.25 billion, up 28% from Q2 2016, and earnings per share of \$1.84, an increase of 27%.

The bank announced a dividend increase of \$0.02 to \$0.90, with a dividend yield of 3.74%. BMO revealed provisions for credit losses were at \$259 million — up \$58 million. The next batch of results are to be released on August 29.

National Bank of Canada

National Bank of Canada ([TSX:NA](#)) has seen its share price gain 5% month over month. National Bank released its Q2 2017 earnings on May 31. The bank reported net income of \$484 million, representing a \$274 million gain from Q2 2017. In the first half of 2017, National Bank has declared net income of \$981 million.

National Bank also boosted its quarterly dividend by \$0.02 to \$0.58 per share — a dividend yield of 4.09%. The bank has experienced several weeks of solid gains and an increase of 3% in 2017.

Royal Bank of Canada

Shares of **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) have experienced a drop of 2% since late April. On June 21, the bank announced it would cut 450 jobs — most of which are in head office. A spokesperson for RBC confirmed the move and assured that the cost savings would be put into high-priority areas such as “digital, data, new technology as well as investment in high-growth business

areas.”

A week later, the bank announced that it would repay clients \$21 million after it reached a no-contest settlement with the Ontario Securities Commission over allegations of excess investment fees. In February, RBC announced that it would raise its quarterly dividend \$0.04 to \$0.87 per share — an increase of 5% and representing a dividend yield of 3.72%.

What will the second half of 2017 bring for these stocks?

With earnings still a month away for the above banks, the three stocks could still be facing stasis in the short term. Struggles in the energy sector, a correction in housing, and rising rates boosting the Canadian dollar are adding to investor anxieties.

Canadian banks were finally given impetus to raise prime and mortgage rates on customers. Better margins on loans should show up on residential mortgage books. The long-term concern over consumer debt is still unfounded, and even with one more rate hike in 2017, rates will remain at historic lows.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:BMO (Bank Of Montreal)
4. TSX:NA (National Bank of Canada)
5. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Investing

Date

2025/09/12

Date Created

2017/08/01

Author

aocallaghan

default watermark