

## 3 Bank Stocks That Could Be About to Drop in Price!

### Description

Other than knowing when to buy a stock, the hardest decision to make is knowing when to sell a stock, unless, of course, you plan on keeping it for the long term. After all, if you sell too early, you could miss out on potential gains, and if you sell too late, then you've seen some (or all) of those gains get eroded away. It's hard to know precisely when a good time to sell is, and there are certainly no guarantees that a stock will decline, but there are indicators that can help.

Technical analysis can help track price momentum and give you an idea of when a stock has been trading heavily in one direction or another, which could signal that a reversal might be around the corner. One indicator I always like to look at is the Relative Strength Index (RSI), which tracks average gains and losses, typically over the past 14 days. An RSI number over 70 indicates a stock may have seen excessive buying during this time and might decline soon. Again, this is not always the case, and there's nothing to stop the share price from continuing its ascent, but it provides you with a warning sign, if nothing else.

The stocks listed below all have RSI levels over 70 as of the end of last week and could see corrections in the near future.

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) reached an RSI level of over 80 recently, as the company had a strong earnings result, and in the past month its share price rose by almost 5%. At over \$70, the share price has reached a six-month high, and it is also near its 52-week high. Although TD is a good stock, if you are looking to buy shares, you may want to wait to see a dip in price before buying to try and maximize your gains. However, if you're looking long term, then it may not make a material difference, as the stock has strong growth prospects and will likely provide you with great returns either way.

**National Bank of Canada** ([TSX:NA](#)) is at a slightly lower RSI amount of 77, but its share price has made a new all-time high of over \$60 per share. The last time the stock reached similar highs was back in March when it reached \$59 but then subsequently declined, only to start its ascent again. National Bank has seen its share price rise over 4% in the past month, as the bank also received a boost from a strong quarter.

**Canadian Western Bank** ([TSX:CWB](#)) has an RSI level over 80 and has been over 70 for most of September, as the bank has benefited from a good quarter and a rising oil price; the company has more exposure to the oil and gas industry than other banks. For this reason, Canadian Western is a bit more of a wildcard since its pattern might resemble oil and gas stocks more than typical bank stocks, with the share price looking to get back to highs not seen since 2014, when the price of oil was over \$100.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks

3. Investing

## TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:CWB (Canadian Western Bank)
3. TSX:NA (National Bank of Canada)
4. TSX:TD (The Toronto-Dominion Bank)

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