



2 Quebec-Based Banks to Consider Adding in April

Description

On April 6, Statistics Canada released jobs numbers that were encouraging following an [extremely difficult March](#) for the stock market. Canada added 32,300 net new jobs in March — with 68,300 full-time positions added. The number of part-time jobs declined by 35,900. Average hourly wage growth also strengthened to 3.3% in March.

Although there continue to be concerns over high Canadian household debt and the impact of rising interest rates, the addition of so many full-time positions should inspire optimism in investors. [NAFTA negotiations](#) have also made impressive progress in 2018 thus far, and the United States is pressuring for a concrete deal to be reached as soon as this week.

The S&P/TSX Composite Index has been battered to start 2018. On April 6, the index shed 148 points. However, NAFTA progress could be a catalyst for the broader Canadian stock market to start the spring. Canadian economic growth led the G7 in 2017, and the performance of Quebec was particularly impressive.

Today, we will focus in on two Quebec-based banks that could gather momentum if trade fears are alleviated with a NAFTA deal this month.

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#))

BMO stock has dropped 4.2% in 2018 as of close on April 6. The Montreal-based bank is also down 3.9% year over year. BMO is unique among its peers as it has made a sizable foray into the Canadian cannabis market, which has grown increasingly volatile in recent months. Leadership at BMO has also warned about capital flight in Canada, which was sparked in part by tax reform in the United States.

In the first quarter, BMO reported adjusted net income of \$1.422 billion, representing a 7% drop from the prior year. Its Canadian Personal and Commercial Banking segment posted adjusted net income of \$647 million, which was down 13% from Q1 2017. BMO reported that a gain on its Moneris U.S. sale had a negative impact of about 25% on net income growth. In the first quarter, BMO reported solid operating revenue growth in its retail banking sector.

BMO announced a quarterly dividend of \$0.93 per share, representing a 3.7% dividend yield.

National Bank of Canada ([TSX:NA](#))

National Bank has seen its stock drop 5.2% in 2018 thus far. Shares are up 6.3% year over year. The bank released its first-quarter results on February 28.

In the first quarter, net income increased by 11% to \$550 million. National Bank's Personal and Commercial Banking segment posted net income of \$230 million compared to \$208 million in the prior year. Wealth Management, Financial Markets, and U.S. Specialty Finance and International segments saw net income grow 21%, 14% and 32%, respectively. Last year, National Bank set out to become a top three investment bank in Canada.

National Bank also offers a quarterly dividend of \$0.60 per share, representing a 3.9% dividend yield. It is an enticing buy-low candidate as Canadian financials have been battered to start 2018.

CATEGORY

1. Bank Stocks
2. Investing

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1. Editor's Choice

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

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Date

2025/08/25

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2018/04/09
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