



Top 3 Canadian Bank Stocks to Buy Before Earnings

Description

Canadian bank stocks are set to release earnings in the coming weeks in what has been a hectic run since the last batch of results. The first three months of 2018 were difficult for the S&P/TSX Composite Index, but rising oil prices and improving sentiment has powered a rally from April into May. All six Canadian banks have moved to hike fixed-rate mortgages in a [shaky housing market](#).

With bank earnings just around the corner, here are my top three options for investors to look to today.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#))

Royal Bank stock rallied in the latter half of April after plunging to its lowest point since September 2017. Boasting over \$1.2 trillion in total assets, Royal Bank is a [premier option](#) among the Big Six. It is expected to release its second-quarter results on May 24.

In the first quarter, Royal Bank posted promising results in its core segments. Personal and Commercial Banking reported net income of \$1.52 billion, and, excluding the gain on the U.S. sale of Moneris in 2017, net income rose 10% year over year. Net income in Wealth Management climbed 39% from Q1 2017 to \$597 million, and Capital Markets increased 13% to \$748 million.

Royal Bank announced a quarterly dividend of \$0.94 per share, representing a 3.6% dividend yield.

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#))

CIBC stock followed a similar trajectory in April, and gains have bled into May. However, the stock has been battered in 2018 as of close on May 9. The bank is expected to release its second-quarter results on May 23.

In the first quarter, CIBC came roaring out of the gate, powered in large part by its performance south of the border. The bank posted adjusted earnings per share of \$3.18 in comparison to \$2.89 in the prior year. Net income in U.S. Commercial Banking and Wealth Management surged 362% from the prior year to \$134 million due to the inclusion of CIBC Bank USA starting in Q3 2017. CIBC also posted a 14% increase in net income in its Canadian Commercial Banking and Wealth Management segment

driven by volume growth and higher fees.

CIBC also increased its quarterly dividend to \$1.33 per share, representing an attractive 4.5% dividend yield.

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

National Bank has also rallied since falling below the \$60 mark in early April. National Bank is the smallest of the Big Six, but its stock has been the top performer year over year as of close on May 9. Shares are up 18% from the same time last year. It is expected to release its second-quarter results on May 30.

In the first quarter, National Bank reported a 9% increase in diluted earnings per share from the prior year to \$1.46. National Bank posted double-digit growth in each of its core banking segments. The stock offers a quarterly dividend of \$0.60 per share, representing a 3.7% dividend yield.

CATEGORY

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2. Investing

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:CM (Canadian Imperial Bank of Commerce)
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