



Bank of Montreal (TSX:BMO) Could Be the Biggest Bargain on the TSX Right Now

Description

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) stock is a high-quality piece of merchandise that's been unfairly slapped with a 10% discount over the last month. The bank has been firing on all cylinders over the past year and is making a strong case for why it should be one of the best Big Five banks to own over the next three years out.

While the stock may be bruised along with the broader basket of Canadian bank stocks, the underlying company itself hasn't looked this good relative to its peers in a long time. Management has been operating at a level high level of late, and despite the recent market volatility, I suspect the bank will continue to pick up traction whether or not its stock is affected by the rout in the broader markets.

BMO's U.S. business, which accounts for around a quarter of revenues, has been picking up a considerable amount of momentum with very promising levels of commercial loan growth. As BMO continues to beef up its positioning south of the border via acquisitions, I wouldn't at all be surprised to see it become one of the first banks to roar out of the gate as bargain hunters begin to take notice of the reasonably wide discrepancy between the stock's market value and its intrinsic value.

It's not just BMO's U.S. exposure that I'm bullish on, however. BMO's Canadian business is impressive in its own right. The domestic retail banking business is seeing momentum, BMO's [robust Canadian ETF business](#) is riding on a [massive secular tailwind](#) (the movement of Canadian capital from high-fee mutual funds to lower-cost alternatives), and best of all, BMO is the least exposed to the frothy Canadian housing market compared to its brothers in the Big Five.

Of all the Canadian banks, I think BMO has made the most progress over the past year, and I would strongly urge investors to back up the truck on shares today while they're cheap. At the time of writing, BMO stock trades at a 10.3 forward P/E, and a 6.6 P/CF, both of which are considerably lower than the bank's five-year historical average multiples of 11.9, and 21.5, respectively.

Foolish takeaway

BMO is making a comeback in a big way. The bank's U.S. business is flexing its muscles, and with a fairly conservative growth profile on this side of the border, I have no problem slapping a "Strong Buy" on BMO shares while they remain depressed.

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