

2 Top Bank Stocks Are on Sale Right Now!

Description

The markets took another turn for the red yesterday, and for opportunistic investors, that creates many opportunities to buy low. Some things you can look at to find good deals are moving averages, 52-week lows, and technical indicators like the **Relative Strength Index (RSI)**.

In terms of RSI, when this indicator falls below 30, it suggests that the stock could be due for a rally and that it has seen a lot more losses than would normally be expected. Below are two stocks that are hovering around this level and that investors may want to consider buying today.

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) has declined by 11% over the past three months and is less than a few dollars away from its low for the year. Geopolitical issues, especially those originating south of the border, have weighed on stocks lately and have overshadowed otherwise strong performances by individual stocks. BMO is no exception.

The bank reported its Q4 earnings yesterday that showed revenues rising 4.7% while net income was up nearly 40%. In addition, the company [hiked its dividend](#) for the third time in the past 12 months, up to \$1.00 per share. Unfortunately, even with those positive developments, the stock was down more than 3% yesterday.

The increase in dividend coupled with the declining price means that buying today would lock in a yield of 4.2%, a very good payout for a very stable bank stock.

Currently, BMO's stock sits at an RSI of 30, putting it only slightly above the oversold mark. However, it could be headed even lower as the stock made a "death cross" recently that saw its 50-day moving average dip below its 200-day average.

The last time we saw this happen was back in April, the last time the stock was this low. BMO wouldn't stay too far below that line and would go on a bit of a run until the past few months, when it started to decline.

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) is another bank stock that has struggled lately. Since the start of the year, it is down more than 10% and recently hit a new 52-week low.

The company also failed to get a boost from its Q4 earnings; however, like BMO, it's likely that external factors are weighing the stock down rather than investors actually being bearish on the individual stocks themselves.

In its most recent quarter, CIBC's sales rose by 4.3%, while net income increased 8.9%.

CIBC's stock has followed a similar pattern to that of BMO, as it too has seen its 50-day moving average fall below the 200-day, which last occurred in May, but would go on to recover shortly afterward.

The stock is currently at an RSI of just under 32, which is a bit higher than BMO, but still very close to the oversold mark. CIBC didn't raise its dividend this past earnings, but based on history, I'd expect it to do so next quarter. Currently, the bank stock pays a [strong dividend](#) of 5% and normally it's a lot higher than its peers.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

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