Value Alert: Snap Up Tumbling BMO (TSX:BMO) Stock Before It Recovers!

Description

The following banker is currently shedding percentage points left, right, and centre, opening up a sweet value opportunity for anyone who has yet to invest in this stalwart stock of the financial sector of the TSX index. It's one of the hottest tips for anyone looking at investing in the stock market for the first time, and tops the list of my must-have banking stocks to buy right now.

For anyone looking to make passive income trading stocks, the Big Five Canadian banks (or Big Six as the naming convention seems to be leaning these days) are often the first place new investors go when buying shares on the TSX index for the first time. With defensive market caps, steady track records, and dependable dividends, let's see whether the following tried-and-tested ticker is the best place to start investing.

Bank of Montreal (TSX:BMO)(NYSE:BMO)

One of the top TSX stocks to watch for a dip, BMO is one of the sturdiest Canadian stocks to invest in for solid dividends. Let's start with that beefy market cap of $58 billion and move swiftly on to momentum: a one-year past earnings growth of 2% is more or less in line with a very dull five-year average past earnings growth of 5.3% and dovetails with a tedious five-year beta of 0.94. Slow and steady wins the race when it comes to low-risk, long-term dividend investments.

A PEG of 1.3 times growth, P/E of 11 times earnings, and P/B of 1.4 times book show that BMO has it where it counts in terms of market fundamentals, while a dividend yield of 4.44% shows why this is still one of Canadian investors favourite tickers to stack for passive long-term income.

So it's good value, but what about quality and momentum?

It's still one of my favourite high-quality stocks to recommend investing in if you're new to the TSX index. A word on growth, though: while an 8.3% expected annual growth in earnings looks a little low, that's actually about right for Canadian financials at the moment, and isn't bad given the state of the global economy, widespread uncertainty in the markets, and the challenges ahead for 2019.

In other words, growth investing and low-risk investing are poles apart as far as style goes, and outlook shouldn't affect your quality analysis too much in this instance.

Staying on the subject of quality and momentum, BMO shed 4.08% in the last five days as part of a sudden and precipitous nosedive, while its share price is discounted by a decent16% compared to its future cash flow value.

On the face of it, this sudden change in fortunes may make this look like an exciting ticker; go back and look at the that low beta and five-year track record to be reminded of why it isn't. Again, though it scores low on momentum, that's pretty much what you want from a banking stock.

The bottom line

New investors looking to make long-term passive cash with banking stocks have a great opportunity in a nosediving BMO. It's the perfect holiday treat: stack shares in this classic Canadian banker to lock in a decent dividend yield and you'll have cracked the secret to investing in the TSX index more or less overnight. Now just add some discount mining stocks, a bit of cheap oil, and a smattering of utilities and discount retailers for a great little starter portfolio.

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