



3 Reasons Why Bank of Montreal (TSX:BMO)(NYSE:BMO) Is a Top Choice in the Face of a Recession

Description

There are stock investors who stay out of bank stocks in low-interest rate scenarios. For them, it's dead money because price appreciation is minimal and profit is miniscule. However, if you're talking about a bank like **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)), it's a solid investment with good value.

At present, economists are busy painting a picture of recession with the slowing global economic growth. Investors' anxiety is rising that picking recession-free stocks is imperative. If you want investment protection, BMO can certainly [shield you against financial worry](#) for three excellent reasons.

Bullish investor sentiment

Since the year started, BMO has trended upward. The \$100 threshold was breached during the last week of February and stayed above that level before closing at \$99.99 to end the first quarter. Investor support is solid, as the stock gained +1.49% to start the second quarter.

In 2018, BMO had a laudable performance before skidding toward the latter part of the year. But with sound financial metrics intact, analysts maintain a bullish sentiment moving forward. They have set a median target of \$109.92 for the stock and a higher upside of +18.24% to \$120.00 in the months ahead.

These projections will come true with new catalysts emerging. Seven of TSX's major sectors, including financials rose on the first trading day of April. The [yield curve](#) appears to be stabilizing, which is good for bank stocks. The positive data in the U.S. and the stunning manufacturing growth in China are added boosters.

Steady income grower

BMO belong to the Big Five Canadian banks, which makes it a crème de la crème stock. Long-term investors are safe with BMO because it is a solid, steady grower. You can expect the multiples to

contract and expand. The dividend growth history is also one of the best. BMO's most recent dividend yield stood at 3.85%.

Canadian banks are typically in lockstep with one another, and the differences lie in the business mix. For BMO, 60% of revenues are generated inside the home country, while the rest are from the U.S. market. The business segment in America accounted for 28% of adjusted net income in fiscal 2018.

Over the last nine years, U.S. earnings grew at an accelerated pace. The bank will remain focused on high-growth geographies and specialty sectors to ensure that income will continue to grow. Shareholders have credited Darryl White for his successful stewardship of the bank during his first full year as the new CEO.

Ethical business practices

The BMO Financial Group holds the distinction of being the only Canadian bank that made it to Ethisphere Institute's list of 2019 World's Most Ethical Companies. BMO is also one of only three Canadian companies and one of only five global banks recognized for advancing the standards of ethical business practices.

Whether you're a veteran or newbie investor, just look at BMO's track record, balance sheet, and decent dividend yield. This is the most conscientious stock investment you'll ever make.

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Date

2025/09/20

Date Created

2019/04/06

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