Top 3 Canadian Bank Stocks to Buy Before Earnings

Description

While many companies have already reported their quarterly earnings, the big Banks are still weeks away from doing so. With the economy doing well and a good jobs report to confirm that, here are three bank stocks I'd be looking to buy before they release their quarterly results.

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Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is a pretty exciting investment for a bank stock. There's a lot to like about the CIBC and why investors might be bullish on its future. When the company made a big acquisition a few years ago to make an entrance into the U.S. market, it created many growth opportunities for the bank stock.

In its most recent fiscal year, the bank's net revenues rose by 9.5% and I wouldn't be surprised to see similar growth rates in the future. As strong as the Canadian economy is, the U.S. one is arguably doing even better and could result in even stronger results for CIBC.

Despite the bank now having a strong presence south of the border, investors have still not been willing to pay a higher multiple for the stock, which is why it could be advantageous for investors to take advantage of that now. At a price-to-earnings ratio of around 10, CIBC trades lower than some of its peers and could be a bit of a bargain pick up today.

Royal Bank of Canada (TSX:RY)(NYSE:RY) is another good bank stock to buy before its earnings come out on May 23. Although the company's CEO expressed concern a few months ago about the possibility of big tech entering the industry, RBC's stock is about as safe as can be. That's why buying it ahead of its earnings release might not be a bad idea. Although we've seen many stocks get off to strong starts to 2019, bank stocks have been a bit softer in terms of performance, and RBC has been no exception.

While that might seems like it could be problematic, a strong earnings result by RBC could ignite the stock and remind investors why it's a good buy. Even if RBC misses or underperforms, it's unlikely that we'll see a big sell-off of a blue-chip bank stock. If that were to happen, it would only make RBC an even better buy, as we know that over the long term the stock is going in one direction only: up.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) will also be releasing its earnings on the 23rd. Like

RBC, it's an attractive buy not only because it is low risk, but also due because of its strong position in the U.S., where the economy continues to be performing well. In its most recent quarter, TD's net revenues rose by 6.9%. The big question will be whether the bank will be able to come close to that with mortgage growth being very slow, which could trickle into the company's quarterly results.

The good news is that we live in a world of expectations, and so analysts have likely factored those challenges into their expectations. That's likely also why investors haven't been overly bullish on TD's stock lately. There's definitely some nervousness around TD and other bank stocks right now, but that has also made it an attractive time for opportunistic investors to buy in while prices are still low. However, a good earnings report could change that in a hurry.

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