



My Top 3 Bank Stocks to Buy This Summer

Description

Canada's top financial institutions have posted mostly flat returns since the middle of spring. The second-quarter earnings season saw a mixed bag for banks even with improved market conditions providing some tailwinds. The **BMO Equal Weights Bank ETF** ([TSX:ZEB](#)), which aims to replicate the performance of an equal weight Canadian bank index, has climbed only 0.72% over the past three months as of close on July 11.

The U.S. bank stocks have surged after Federal Reserve Chairman Jerome Powell affirmed a rate cut view before the Senate. The Bank of Canada was more apprehensive in recent comments, but the last year has made it clear that central banking policy is increasingly fluid.

Today I want to look at my top bank stock picks in the second half of 2019.

Scotiabank

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) stock had been mostly flat over the past three months as of close on July 11, moving up 0.18% in that timespan. Shares were up 6.2% in 2019 so far. Dubbed by some as the international bank, Scotia boasts a strong footprint in Latin America, fuelling growth in the first half of 2019.

In late June I'd targeted Scotiabank because of its [great income](#) in comparison to rival bank stocks. Scotia last increased its quarterly dividend to \$0.87 per share. This represents an attractive 4.9% yield at the time of writing. Looking at Scotia's value right now, and it's hard to argue against adding it in July. The stock boasts a price-to-earnings ratio of 10.5, which is favourable relative to industry peers.

National Bank

National Bank ([TSX:NA](#)) is the smallest of the Big Six banks, but that shouldn't drive you elsewhere. The Montreal-based bank has been one of the best performers in 2019. Shares have climbed 16% as of close on July 11.

National Bank has reoriented its strategy toward its home province of Quebec, and the timing seems appropriate given the improved business sentiment in Canada's second most populous province. Quebec also boasts one of the more balanced and healthy housing markets in the country, which bodes well for National Bank's mortgage portfolio.

Still, National Bank has not been shielded from broader headwinds. Net income in the first six months of 2019 has climbed 1% to \$1.11 billion at the end of the second quarter.

The bank hiked its quarterly dividend to \$0.68 per share in the second quarter, which represents a nice 4.2% yield. Its stock also has a P/E of 10.5, even as it hovers around a 52-week high.

Toronto-Dominion Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) has bucked the trend of the Big Six banks, logging a good performance from late spring into the early summer. Shares had climbed 5% over the past three months as of close on July 11. I have long raved about TD Bank's U.S. footprint, which has [boosted its earnings](#) in the wake of the *U.S. Tax Cuts and Jobs Act*.

The U.S. Federal Reserve appears eager to ease monetary policy, which has been good news for U.S. bank stocks in June and July. Regional banks may suffer in the wake of a rate cut due to net interest margins, but large caps should benefit from the move downward.

As one of the top 10 banks south of the border, this puts TD Bank stock on solid footing going forward. The U.S. economy is still performing well, and TD's large footprint will fuel its earnings growth as we head into the next decade.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:NA (National Bank of Canada)
5. TSX:TD (The Toronto-Dominion Bank)
6. TSX:ZEB (BMO Equal Weight Banks Index ETF)

PARTNER-FEEDS

1. Msn
2. Newscred

3. Sharewise
4. Yahoo CA

Category

1. Bank Stocks
2. Investing

Date

2025/08/20

Date Created

2019/07/13

Author

aocallaghan

default watermark

default watermark