



Ranking the Top 3 Bank Stocks at the 2019 Halfway Mark

Description

If you want to finish this year with a bang, you should, by the halfway mark, hold concentrated positions in the top three bank stocks.

Toronto-Dominion ([TSX:TD](#))([NYSE:TD](#)), **Royal Bank** ([TSX:RY](#))([NYSE:RY](#)), and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) are all holding their ground, despite the challenging business conditions.

Top performer

During the first half of 2019, Toronto-Dominion has been the runaway leader. The stock is up 14.3% in the year to date and is reasonably priced at \$75.29. Its value could appreciate to \$80 or even \$90 in the months ahead. TD also yields a decent 3.89% dividend.

Instead of discussing TD's solid performance, we'll focus on the plans that will help the bank maintain and strengthen its leading position in the industry.

TD's investment banking group is about to push into Quebec. Abe Adham, the new head of TD's investment banking group in Quebec, will establish "an extremely local presence" and capitalize on the province's strong economy.

The aim is to be present and involved and to win more business. Expect TD to be on the lookout for deal-making opportunities in industries with heightened M&A activities.

Second best

Royal Bank, Canada's largest bank by market capitalization, is the nation's second top performer. The stock has gone up to \$102.20, which represents a 12.6% increase on its closing price at the end of 2018. The bank's dividend yield of 3.97% is slightly higher than TD's yield.

On August 21, 2019, the banking giant is scheduled to report third-quarter results. It will be interesting

to see if Royal Bank has achieved its 7.9% growth target for the quarter. As is the case with TD, however, performance is beside the point if you're talking about RY as [a prospective investment](#).

The current price of \$102.20 is not indicative of Royal Bank's intrinsic value. There's an opportunity to buy a high-quality stock before it reaches its real value. Many investors have been handsomely rewarded, and would-be investors can enjoy both capital and dividend growth.

Worthy third

BMO, Canada's fourth-largest bank, has outperformed two other big banks — **Canadian Imperial Bank of Commerce** and **Bank of Nova Scotia** — to take third spot. BMO shares have fallen below \$100. They didn't tank, however, as BMO is still up 11.7% for the year to date.

BMO is an investment that you buy and hold forever. This bank stock, which pays a dividend of 4.23%, can be [a retiree's dominant source of passive income](#) during the sunset years. Prospective investors can build wealth like the investors before them.

Some investors have avoided BMO because its activities have been concentrated in the Canadian market. The bank is slowly building its U.S. franchise, however, and expects a 5% revenue growth through its U.S. operations.

So far, the core business continues to deliver solid earnings. BMO is also leading the way in digital banking. Costs will decrease significantly when the bank trims its number of branches. The \$61.77 billion bank can certainly cope with the changing industry and economic environment.

Regardless of its detractors, BMO remains a safe haven for long-term investors.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BMO (Bank Of Montreal)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TD (The Toronto-Dominion Bank)

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