3 Bank Stocks to Buy if They Get Hammered Any Lower

Description

Banks are going through a difficult phase these days. From low interest rates to the looming recession and ongoing trade war, everything is going against the bank sector all over the world. On top of that, the coronavirus outbreak is now also posing a substantial threat to the international economy.

Banks in Canada are also feeling the heat of the upcoming difficult financial times. Nearly every bank stock on the TSX has dipped in the last two to three months. For a long-term keeper, this is the time to invest in bank stocks, since they generally do well.

As a TSX investor, you should watch out for these three bank stocks in the coming days. If they dip any lower, consider adding any of these stocks to your portfolio.

Royal Bank of Canada

Royal Bank of Canada is the largest Canadian bank in terms of market capitalization. It is a Dividend Aristocrat and extremely popular among retirees and other long-term investors. What makes RY a hit among investors is its relatively safe banking practices and hefty dividend payouts.

Among the six largest Canadian banks, RY depends the least on the international market. This conservative approach helps the bank to feel the lesser shock of any financial turmoil unfolding on a global scale. The stock price of the RY dipped $7 in the last week of February. In the coming days, it could go below the psychological mark of $100. If that happens, you should consider buying it for long-term holding.

Toronto-Dominion Bank

Toronto-Dominion Bank is another Canadian banking giant that is sitting on a market cap of over $120 billion. The bank has always been a good performer on the TSX. Its stock has also dipped lately due to the underwhelming fourth-quarter earnings and the factors mentioned above. The EPS of Toronto-Dominion Bank for the fourth quarter of 2019 hasn't met the experts' expectations.

Since November 2019, the price of TD stock is getting constantly hammered. As the bank is under earnings pressure and facing deteriorating credit ratios and mounting loan loss provisions, its stock becomes a good prospect for long-term holding.

Bank of Montreal

Bank of Montreal is another stock option to consider for your "buy-the-dip" scheme. It has been paying its investors for more than 100 years. Right now, its dividend ratio stands at 4.60%. This investment bank of international repute is also experiencing the bearish wave that is sweeping across the market.

In the last year, BMO's stock price has fallen by 7.24%. The forecast suggests that the bank may have to put up with a 3.8 % drop in year-to-year revenue in 2020. If the stock price keeps falling to below $85, which hasn't happened since 2016, you should consider it for long-term holding.

Conclusion

Experienced investors always consider a dip across the banking sector favourable for their portfolios. It allows them to buy stocks cheap and make the most of the market resurgence that happens eventually. As an investor, you should watch out for those three banking stocks. If these stocks continue to plummet, consider adding them to your portfolio.

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