



COVID-19 Crash: My Top 3 Bank Stocks for the Rest of 2020

Description

The COVID-19 pandemic sparked major market turbulence in the month of March. Many top stocks have managed to recoup losses. However, Canada's top bank stocks largely remain in the red this year. The **BMO Equal Weight Banks ETF**, which seeks to replicate the performance of an equal weight diversified Canadian bank index, has dropped 26% in 2020 so far.

Top banks are set to release second-quarter 2020 results in late May. We are likely to see a rough quarter due to the severity of this crisis. Investors should expect volatility in the near term, but that does not mean they should avoid bank stocks altogether.

Today I want to focus on my top three favourite bank stocks to target in the middle of May.

Big dividend bank stock: Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) stock has dropped 26% over the past three months as of close on May 14. Shares are down 22% from the prior year. CIBC is set to release its second-quarter 2020 results before markets open on May 28.

Heading into 2020, CIBC aimed to bolster its housing portfolio after it slumped following the 2017 correction. Canadian real estate activity has essentially been put on pause, which will delay any progress on this front. As for value, [CIBC looks attractive](#). The stock last had a favourable price-to-earnings ratio of 7.1 and a price-to-book value of 0.9.

However, my main reason for targeting CIBC is its dividend. The stock last paid out a quarterly distribution of \$1.46 per share. This represents a tasty 7.3% yield.

The Quebec-based bank

The province of Quebec has been more aggressive than Ontario on its path to reopening. On May 25, retailers with an exterior entrance can reopen. **National Bank** ([TSX:NA](#)) is the smallest of the Big Six

banks but boasts a massive footprint in Quebec. In 2019, National Bank was the [best performing bank stock](#) of the Big Six.

Shares of National Bank have plunged 27% in 2020 so far. The bank will release its Q2 2020 results on May 26. National Bank stock possesses a P/E ratio of 7.9 and a P/B value of 1.3. It last paid out a quarterly dividend of \$0.71 per share, representing a strong 5.4% yield.

Quebec is moving faster than other provinces on its reopening. Providing there are no major setbacks, this will be good news for National Bank and the provinces businesses in the late spring.

A global strategy

The Canadian economy lost nearly two million jobs in April, according to Statistics Canada. With the domestic economy reeling, some investors may want to look internationally. **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) has been referred to as “The International Bank” for a reason. It boasts an attractive global footprint that may help investors mitigate exposure to a devastated Canadian economic landscape.

Shares of Scotiabank have declined 31% over the past three months. The bank will release its second quarter 2020 results on May 26. In the first quarter, its International Banking segment delivered strong loan and deposit growth in the Pacific Alliance.

Scotiabank stock last had a favourable P/E ratio of 7.4 and a P/B value of 0.9. It last paid out a quarterly dividend of \$0.9 per share, which represents an attractive 7.1% yield.

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3. TSX:BNS (Bank Of Nova Scotia)
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