

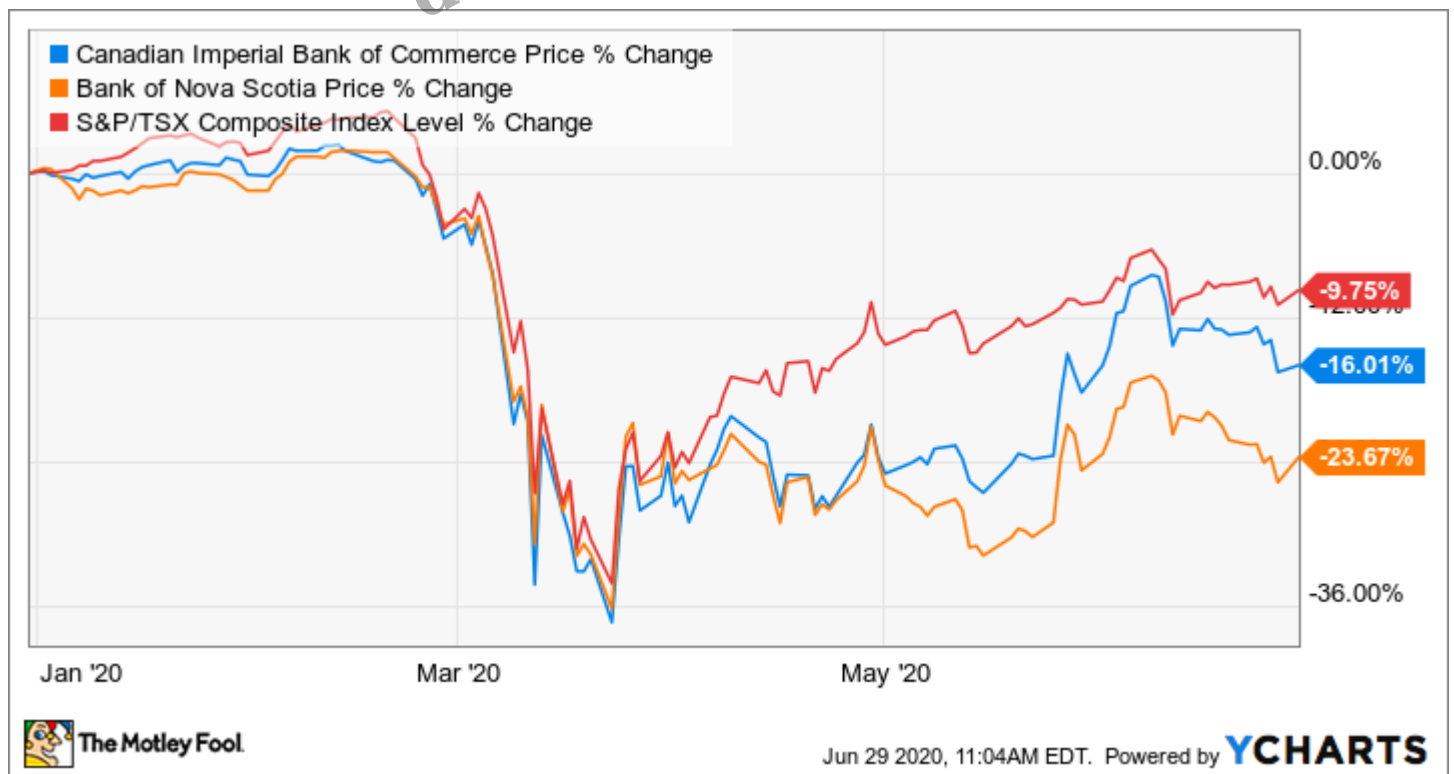


2 Stellar Bank Stocks To Buy Today

Description

Bank stocks took a hard hit during the March stock market selloff. The COVID-19 restrictions caused a spike in default rates affecting the financial sector. Now, fantastic dividend payers are selling at rock bottom prices.

Canadian investors should look into buying the **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). These two stocks give investors a dividend yield of 6.4% at their current stock market values.



Bank of Nova Scotia is down 23.67% year to date. Similarly, the Canadian Imperial Bank of Commerce

has lost 16.01% of its market value. By comparison, the **S&P/TSX Composite Index** level percent change is 9.75%.

The underperformance of these assets relative to the index indicates that these bank stocks might be due for an upward correction this year.

Bank of Nova Scotia

Analysts expect a substantial upside from the Bank of Nova Scotia stock. In fact, some analyst price targets estimate up to a 74% increase in price.

Bank of Nova Scotia is certainly a top value stock to buy. The price-to-earnings (PE) ratio on this top bank stock is 9.21. Further, the price-to-book (PB) ratio is 1.03 and the price-to-sales (PS) ratio is 2.47.

When a stock is trading with a PE of less than 20 with low PB and PS ratios, investors tend to categorize the asset as a value stock. Even better is that from a technical standpoint, Bank of Nova Scotia stock is no longer in the March downtrend and looks as if its market value is rebounding.

While investing never comes without risk, bank stocks remain great buys even during the COVID-19 pandemic.

Canadian Imperial Bank of Commerce

Analyst consensus estimates suggest that CIBC stock will increase by over 47%. These capital gains combined with the high dividend yield would be a great addition for any retirement portfolio, Tax-Free Savings Account (TFSA), or RRSP.

This top dividend payer is also trading like a value stock. The PE ratio is 9.97 and the PB ratio is 1.08. Meanwhile, the PS ratio is just 2.43.

Bank stocks like Canadian Imperial Bank of Commerce have high margins. Canadian Imperial Bank's profit margin is 25.24%. Moreover, CIBC's return on equity is 10.83%.

Should you buy top bank stocks?

Top bank stocks like CIBC and Bank of Nova Scotia issue great dividends. In addition, these dividends have a great track record. Although there is no guarantee that these banks will not [cut dividends](#), their track record suggests that this is an unlikely outcome.

Canadian investors should also feel particularly confident in the Canadian Imperial Bank of Commerce. Victor Dodig, the CEO of CIBC, issued the following statement regarding the possibility of a dividend cut:

"I'd say one thing that's incredibly important: the Canadian investors that invest in our banks rely on those dividends for income. And every source of reliable income that we can provide

to Canadians – and Americans, and our other shareholders that are investing in our banks – is incredibly important at this moment in time where cash flow reduces anxiety.”

Even though the Office of the Superintendent of Financial Institutions (OSFI) has asked banks not to engage in stock buybacks or raise dividends, CIBC shareholders can at least feel assured that the board will not reduce their dividend payments.

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2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CM (Canadian Imperial Bank of Commerce)

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debraray

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