



My Top 3 Bank Stocks to Buy in July

Description

Canada managed to add over 950,000 jobs in June, according to data released by Statistics Canada. This beat out the estimated increase of 700,000. These are trying times, but this is a positive piece of news, as Canada's provinces pursue an economic reopening. Moreover, the country's top financial institutions should benefit from this improved environment. Today, I want to look at my top three bank stocks to scoop up in July.

Top Bank Stock: TD Bank

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is my top bank stock to snag in July. The stock was up 1.34% in early afternoon trading on July 10. Back in May, I'd discussed why [TD Bank was worth picking up](#) after suffering from a spring slump. It still offers nice value and good income right now.

In the second quarter, TD Bank saw adjusted diluted earnings per share fall to \$0.75 over \$1.75 in the prior year. Provisions for credit losses soared, which ate into earnings in its largest sectors. Fortunately, TD Bank boasts a massive footprint in Canada and the United States. It possesses a flawless balance sheet that will enable it to power through this crisis.

Shares of TD Bank last had a price-to-earnings (P/E) ratio of 10 and a price-to-book (P/B) value of 1.2. This is attractive value territory today. Moreover, the bank stock offers a quarterly dividend of \$0.79 per share. This represents a strong 5.3% yield.

Why Scotiabank is my runner up

In late May, I'd noted the [positive performance](#) of **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) stock following its second-quarter earnings release. This was no blip. Most Canadian bank stocks enjoyed a spike in value, even after a rough Q2 earnings season. The domestic and global economy is on the mend, which makes Scotiabank even more attractive.

Scotiabank saw many of its clients in the Pacific Alliance region migrate to the digital experience. It

reported that more than 140,000 customers adopted its digital banking solutions while digital transactions increased by 50%. However, Latin America is set to experience a difficult economic crisis in the wake of this pandemic. This may force Scotiabank to lean more heavily on its domestic operations.

The stock last had a favourable P/E ratio of nine and a P/B value of one. Scotiabank still offers a quarterly dividend of \$0.90 per share, representing a tasty 6.6% yield. This bank stock also has an immaculate balance sheet and looks very undervalued to start the summer season.

This bank stock rounds out the top three

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is my third-favourite bank stock to pick up in July. Like TD Bank, it also possesses a strong presence south of the border. Shares of BMO have dropped 27% in 2020 at the time of this writing.

In the second quarter, BMO reported adjusted EPS of \$1.04 compared to \$2.64 in the prior year. Like its peers, BMO dramatically increased its provisions for credit losses in response to the crisis. Moreover, it also had an excellent balance sheet. Its operational performance was still promising in the face of historic turbulence.

This bank stock last had a favourable P/E ratio of 9.6 and a P/B value of 0.9. In Q2 2020, BMO announced a quarterly dividend of \$1.06 per share, which represents a 5.9% yield. Canadians should consider scooping up BMO for its value and attractive income in July.

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