



Now Is the Best Time to Buy Bank Stocks

Description

Among the top **TSX**-listed stocks, banks could be solid investment bet today. Though the easing of containment measures has led to the virus's continued spread, it supports economic activities, which could drive recovery in bank stocks.

The top Canadian bank stocks have shown partial recovery until now and continue to offer good value. Also, Canadian banks are known for offering robust dividends — another reason why you could consider buying bank stocks today.

Here are two bank stocks offering good value and attractive dividend yield.

Toronto-Dominion Bank

With its ability to deliver consistent earnings growth, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is among the top stocks in the banking space, which you might consider buying. Before the pandemic disrupted banks' performance, Toronto-Dominion Banks' adjusted net income and earnings per share increased at a compound annual growth rate (CAGR) of 9.0% and 12.5%, respectively.

Moreover, the bank has been continuously paying dividends for 164 years. Also, its dividends increased at a CAGR of 10% in the last two decades.

Despite the challenges, the bank continues to drive loan and deposit volumes. At the end of the [most recent quarter](#), its total loans and deposits reflected a year-over-year growth of 7% and 25%, respectively.

With the recovery in the economic activity and sequential improvement in provisions, Toronto-Dominion Bank stock could show a [strong recovery](#). Besides, continued volumes growth in loans and deposits and sustained momentum in the wealth and insurance business should further support its revenues and earnings.

With a year-to-date decline of about 9% in its stock and a high dividend yield of about 5%, Toronto-Dominion Bank should be on your radar to create wealth.

Bank of Montreal

Next up is **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)). The bank's diversified businesses and sustained momentum in the loans and deposit volumes help it endure the current economic challenges.

Bank of Montreal's revenues improved year-over-year in the most recent quarter, thanks to the expansion in its loans and deposits base. Besides, its pre-provision, pre-tax earnings jumped 12%, which is encouraging. Also, its strong expense management and improving efficiency continue to cushion its bottom line.

Similar to Toronto-Dominion Bank, the bank has a long history of continuously paying dividends. It has paid dividends from the year 1829. Further, Toronto-Dominion Bank's dividends have grown at a compound annual growth rate (CAGR) of 6% over the past 15 years.

Bank of Montreal stock is down about 15% year to date and offers a lucrative dividend yield of 5.2%. Investors seeking capital appreciation and stable dividend income could consider buying the shares of Bank of Montreal at the current levels.

Bottom line

As the economy is in the early stage of recovery, an investor could expect the bank stocks to stay volatile in the near term. However, investors shouldn't worry much as these top Canadian banks have a strong foundation, are well-capitalized, and can withstand the current economic headwinds stemming from the pandemic.

With an expected improvement in provisions and sustained volumes growth, both these banks could continue to deliver superior returns in the future. Also, their continued dividend payouts and high dividend yields are likely to boost your returns further.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks

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

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