



## The 3 Best Bank Stocks to Buy as the Economy Recovers

### Description

The global economy is gearing up for one of the biggest rebounds in modern history following a brutal 2020. Unfortunately, Canada may lag its peers due to its disappointing vaccine rollout. Regardless, it is expected to catch up by the time summer rolls around. The International Monetary Fund (IMF) recently upgraded its global growth forecast in 2021 to a record 6%. Canada's largest financial institutions stand to benefit from this bounce back. Today, I want to look at three top bank stocks to snag in the early spring. Let's dive in.

### This Canadian bank is one of the most important on the planet

**Royal Bank** ([TSX:RY](#))([NYSE:RY](#)) is Canada's largest bank. I'd [suggested](#) that investors should look to snag this bank stock after the first-quarter earnings season. Shares of Royal Bank have climbed 11% in 2021 as of mid-afternoon trading on April 7. The stock is up 36% from the prior year.

Canada's top bank released its first-quarter 2021 results on February 24. Net income rose 10% from the prior year to \$3.8 billion and posted 11% growth on a per share basis to \$2.66. Both net earnings and net EPS were up 19% from the fourth quarter of 2020. It achieved 21% growth in its Capital Markets division on the back of higher revenue in thriving North American markets.

Shares of this bank stock last had a price-to-earnings (P/E) ratio of 14. That puts Royal Bank in favourable value territory. It offers a quarterly dividend of \$1.08 per share, which represents a 3.7% yield.

### Another super bank stock to stash in a recovery

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is the second-largest financial institution in Canada. Its shares have climbed 16% in 2021. The stock has surged 39% from the prior year. TD Bank unveiled its first batch of 2021 results on February 25.

Adjusted net income was reported at \$3.38 billion and \$1.83 on a per-share basis in the first quarter.

This was up from \$3.07 billion and \$1.66 per share on an adjusted basis in Q1 2020. TD Bank's Canadian Retail segment delivered net earnings growth of 14% in Q1 2020 to \$2.03 billion. This was largely due to higher loan and deposit volumes.

This bank stock possesses a P/E ratio of 12, putting TD Bank in attractive value territory. It last paid out a quarterly dividend of \$0.79 per share. That represents a 3.7% yield.

## One more bank stock to buy today

Last summer, I'd suggested that investors should [scoop up Bank of Montreal \(TSX:BMO\)\(NYSE:BMO\)](#). Shares of this bank stock have increased 18% so far this year. The stock is up 52% from the same period in 2020. BMO released its first-quarter 2021 results on February 23.

Net income at BMO soared 27% from the prior year to \$2.01 billion, with adjusted net income posting growth of 26% to \$2.03 billion. Adjusted earnings per share climbed 27% to \$3.06. It managed to significantly cut down its provision for credit losses, which was a common sight among its peers. BMO's U.S. Personal and Commercial Banking segment achieved growth of 66% to \$582 million. This was due to higher revenues and interest income.

This bank stock also boasts a favourable P/E ratio of 13. BMO offers a quarterly dividend of \$1.06 per share, which represents a 3.7% yield.

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2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BMO (Bank Of Montreal)
5. TSX:RY (Royal Bank of Canada)
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