



3 Canadian Stocks to Watch Next Week

Description

It's still earnings season, though it's coming to a close. And there's one industry among Canadian stocks that investors are continuing to watch closely: bank stocks. Three in particular have my attention, as the world and Canada continue to see an economic recovery. So, today I'll be looking at what investors could see next week from **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)), **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)), and **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)).

Royal Bank stock

Let's start with Canada's largest among the Big Six banks by market capitalization. Canadian stocks in the banking industry did fairly well during the pandemic, including Royal Bank stock. The company rebounded to pre-pandemic levels within a year and now trades near all-time highs.

Royal Bank stock exceeded analyst expectations during the last earnings report, making \$3.5 billion in profit, or \$2.40 per diluted share. That was a surprise of over 20% to analysts. The company also increased its dividend yield. Analysts expect similar results for the next quarter. That's especially as Royal Bank continues to move more towards digital banking options.

Analysts peg the company at coming back to Earth in the next quarter by a margin, so instead of a 20% increase in earnings per share (EPS), they expect a drop around 13%. That would keep it on par with the projected earlier growth. Yet the stock remains a bargain, even at today's levels, trading at 2.1 times book value. Plus you can lock in a dividend yield of 3.51% as of writing.

TD Bank stock

Then there's the second largest of the Canadian stocks in banking. TD Bank stock also rebounded to pre-pandemic levels, currently trading at all-time highs. Investors are optimistic the company will continue to see growth as the country rebounds. That's especially as TD Bank stock also invests heavily in its digital presence.

TD Bank stock also topped analyst estimates during the last quarter, with profit rising 14% to \$2.04 billion, or \$1.83 per share. This was helped by TD Bank stock doing what other Canadian bank stocks did, setting aside large amounts of cash to absorb potential loan losses.

Yet again, analysts believe there will be a [correction](#), with the potential for TD Bank stocks EPS to drop by about 12%. Shares are still considered a bargain, trading at 1.8 times book value. So, you can pick up this among other bank stocks and receive a dividend yield of 3.58% today from Canadian stocks like this one.

CIBC stock

Finally, dividend seekers continue to look at CIBC stock as a potential for greatness. The stock rebounded quickly out of the pandemic, despite investing heavily in the Canadian economy. Some diversification in the future could take this of the bank stocks to a top spot. But for now, as long as the [dividend](#) remains stable, most investors are happy.

And, of course, as long as it continues to perform well as it has during previous earnings reports. The company joined the upward trend in the last quarter, seeing profit rise 13% year over year to \$652 million. It's also been helped instead of hurt by its investment in housing, with mortgage growth up 8% year over year and record mortgage originations of \$17 billion!

That momentum may slow for Canadian stocks like CIBC, with analysts expecting EPS to drop by about 20% and revenue by 5%. But given recent performance, investors aren't as sure. The company managed its finances similarly to other bank stocks and looks to be able to continue its path of growth. And, of course, there's that dividend yield of 4.38% to consider.

Bottom line

Next week is a big one for bank investors. If estimates are correct, there could be a dip come earnings on May 26. So, watch closely and see if this is the right time to jump in on this stock for some quick gains in the next few years and beyond — all while taking in some sweet dividends.

CATEGORY

1. Bank Stocks
2. Coronavirus
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TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)

2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TD (The Toronto-Dominion Bank)

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