



## BMO Stock Is a Strong Buy Following Excellent Earnings

### Description

Historically, Canadian banks have always performed well and have been a lucrative opportunity for long-term investors. Even during this pandemic, bank stocks showed their resilience. Most have recovered to pre-pandemic levels, despite continued economic uncertainty.

One such stock that has done very well of late is **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)). Indeed, its [performance and strong financials](#) speak volumes for this bank stock.

Accordingly, here's why I think this stock continues to be a strong buy in this current environment.

### BMO's Q1 earnings reflect robust catalysts

Despite slowdowns in demand for new credit, BMO stock has continued to outperform the expectations of the market. The lender's recently released Q2 financial report beat analyst expectations by a wide margin.

BMO was the first of its peers to report earnings this season. Indeed, BMO also set a high bar for its peers to beat.

During the three months ended April 30, BMO reported earnings of \$1.3 billion, or \$1.91 per share. This approximately doubled last year's earnings totals, which were hit hard as a result of the pandemic.

That's some pretty impressive growth.

Adjusted profit came in at \$2.1 billion, or \$3.13 per share, which is significantly higher than analyst expectations of only \$2.75 per share in adjusted profit for the quarter.

This profit growth came through a combination of organic operational growth as well as loan-loss provision reductions. The company boosted its capital markets profit by 17% on a sequential basis.

Indeed, BMO seems well positioned to enter the second half of 2021 with a bang. Investor interest in

financials is soaring once again. These earnings highlight the strength and resilience of Canadian banks, which have been stalwart investments for long-term holders over time.

## Bottom line

My view on BMO hasn't changed. This long-term holding remains one I'd consider today.

For optimists who believe the worst is over, this bank's prospects remain better than ever. BMO's recent earnings speak to the quality of the company's operations and its diversified revenue streams.

Should volatility pick up once again on the horizon, BMO is a stock to buy on the dip. Over the near to medium term, I think BMO is set up nicely to provide investors with some capital appreciation. However, while this company may be nearly fully valued at these levels, it remains a long-term hold in my view. The company's 3.4% dividend allows long-term investors to remain patient with this stock and sit tight for a long period of time.

Companies like BMO ought to remain on all investor watch lists right now.

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1. Bank Stocks
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2. TSX:BMO (Bank Of Montreal)

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