



Analysts Are Getting More Bullish on BMO Stock, and You Should, Too

Description

Of late, bank stocks are gathering a lot of steam in the market. Indeed, some of the top Canadian banks have shown resilience during this pandemic-induced economic downturn. And most have more than fully recovered any losses seen during the pandemic.

Accordingly, **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) continues to be a stock many [analysts and investors](#) are focusing on right now.

Let's take a look at why this is the case.

Favourable ratings from analysts provide an excellent catalyst for BMO stock

Analysts have generally been bullish on BMO over the long term. However, like with all banking stocks, the sentiment sure shifted negatively last year.

However, of late, analysts have upgraded their outlook on BMO. A number of bullish ratings were reiterated, with a new "sector perform" and buy rating added to BMO in recent weeks. These re-ratings higher reflect the increasingly optimistic outlook the market has on bank stocks today.

Why is this the case?

Well, BMO has shown its strength in its numbers it has released. The company's recently released Q2 earnings surpassed analyst estimates by a wide margin. The company reported \$3.13 in adjusted earnings per share, beating consensus analyst estimates of \$2.77. Indeed, the bank's lower-than-expected provisions for credit losses helped it beat the projections easily.

Followed by the earnings release, the share price of Bank of Montreal witnessed only a modest surge of 1.5%. However, analysts think much more upside could be on the horizon for BMO stock down the road.

Strong core fundamentals another factor to watch

Another key factor analysts have been bullish on with BMO is the company's fundamentals.

During BMO's most recent quarterly earnings, it became clear this bank is an operational efficiency machine. Based on a number of key operational metrics, BMO is a leader in the Canadian banking space. And the company's commercial lending business has strengthened to a degree that has provided the lender with impressive financial flexibility.

For those who believe BMO will put its \$1.3 billion in quarterly earnings to work, as I do, this bank is poised to deliver more growth opportunities over the medium to long term. In my view, this stock remains a solid option for long-term investors today.

BMO stock isn't as cheap as it once was, but investors are finally starting to realize its value. That said, the runway for capital appreciation with this stock appears to be much longer than many investors think.

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