2 Top Canadian Stocks to Buy Now

Description

Bank of Montreal (TSX:BMO)(NYSE:BMO) and **Manulife Financial** (TSX:MFC)(NYSE:MFC) are two top Canadian stocks to buy now. Here's why.

Bank of Montreal

Despite the slowdown in demand for new loans, BMO shares have outperformed market expectations. This bank stock is one of the top Canadian stocks to buy now for its solid performance and financial data.

The financial report recently released by the lender for the second quarter far exceeded analysts' expectations; it was mainly due to a sharp decline in bad debt provisions and a return to profitability in its capital markets business.

BMO Financial Group CEO Darryl White said the Canadian bank and its operating groups performed very well in the second quarter.

Revenue for the quarter increased 15.6% to $6.08 billion from $5.26 billion a year earlier. Net income ended April 3 reached $1.3 billion, up 88.7% from $689 million a year earlier. Adjusted net income reached $2.1 billion ($3.13 per share) in the second quarter of 2021, significantly exceeding analysts' expectations of $2.75 per share.

Capital markets profits reached $563 million — a sharp reversal from a loss of $74 million in the same quarter last year when the bank suffered trading losses in its structured products business.

One of the main factors behind the good results was lower bad debt provisions. Indeed, BMO only set aside $60 million in the quarter compared to $1.12 billion in the second quarter of 2020.

Return on equity increased to 16.7%. The bank also improved its efficiency ratio to 56.6% and strengthened our CET1 ratio to 13.0%, all supported by a strong balance sheet and differentiated performance in risk and credit.

BMO announced a dividend of $1.06 per common share for the third quarter of 2021, the same amount as in the previous quarter and last fiscal year. The dividend yield is currently 3.32%. With a five-year price-to-earnings-to-growth (PEG) ratio of 0.48, BMO shares are quite cheap.

Manulife

Manulife has performed well, despite the current economic turmoil, and its robust business model has certainly played a critical role. In addition to its core insurance business, it offers other products and services designed for middle-class individuals.

The Toronto company is well-diversified geographically. Each of the company's main markets (Canada, United States, and Asia) represents approximately one-third of its total sales.

The company reported a profit of $1.62 billion in the first quarter, up from $1.02 billion the previous year. This is an increase of 67% from the first quarter of 2020.

Manulife and its peers have benefited greatly from the growing middle class in Asia. East Asia has seen a strong rebound from its struggles with the pandemic. It should continue to serve as a hot spot for Manulife and the global insurance industry.

In fact, the company is taking measures to withdraw from its capital-intensive activities. At the same time, Manulife is investing heavily in technology to increase internal efficiency.

Manulife shares have a dividend yield of 4.7% today, which is certainly attractive to investors compared to other Canadian life insurers. In addition, Manulife shares are cheap, with a five-year PEG of 0.66.

With rising inflation rates, Manulife's robust business model and low-priced valuation are leading to bullish expectations for this stock. For investors looking to play in the financial space, Manulife is one of the best Canadian stocks to buy this summer.

CATEGORY

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2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BMO (Bank Of Montreal)
4. TSX:MFC (Manulife Financial Corporation)

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