



3 of the Best TSX Bank Stocks to Buy in Q3 2021

Description

Bank stocks have played an important role in driving the [broader market to new heights](#) this year. As the economic recovery continues, investors can expect the banking sector to outperform the broader market, despite the ongoing [market correction](#). Here's a list of three of the best bank stocks you can buy in July to ride the economic recovery.

TD Bank stock

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) could be among the best Canadian bank stocks to buy right now. Its stock currently has a 3.8% dividend yield. In the quarter ended April 2021, its earnings more than doubled to \$2.04 per share — beating Bay Street analysts' consensus estimate by 16%. The bank's adjusted net profit margin also significantly expanded during the quarter to 36.3% compared to only 14.5% a year ago and 30.7% in the previous quarter. The ongoing growth in its non-interest income, along with strong loan and deposit volumes is likely to boost its revenue in the coming quarters.

Recently, TD Bank [completed](#) the acquisition of a Chicago-based fixed-income trading firm Headlands Tech Global Markets. This acquisition is likely to help TD Bank expand its capital market segment offerings and customer base. Its stock is currently trading at \$83.75 per share with about 16.4% year-to-date gains. Given its improving business growth prospects, I expect the stock to continue soaring in the coming quarters.

National Bank of Canada stock

National Bank of Canada ([TSX:NA](#)) stock has outperformed the broader market this year so far. It's currently trading with 28.3% year-to-date gains compared to 15.1% gains in the **TSX Composite Index**. While many other banks' revenue suffered last year due to the COVID-19-driven challenges, National Bank of Canada registered a strong 7% YoY (year-over-year) rise in its revenue in the fiscal year 2020.

Its revenue-growth rate has accelerated further in the last couple of quarters. This improvement was

mainly due to its stronger revenue growth across its most business segments and a recent major reduction in provisions for credit losses. Street analysts estimate its revenue growth to be near 11% in the ongoing fiscal year 2021 and its adjusted earnings to jump by about 42% YoY. This Montreal-based bank's stock currently has a dividend yield of 3%.

Royal Bank of Canada stock

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) stock has risen by 20.3% this year so far and has a 3.4% dividend yield. The largest Canadian bank registered a 10.3% YoY decline in its adjusted earnings in the fiscal year ended October 2020 to \$7.97 per share. The pandemic-related restrictions affected its core banking operations last year.

Nonetheless, RBC's earnings trend has already started improving as the bank's adjusted earnings more than doubled to \$2.79 per share in the April quarter. A significant improvement in its personal and commercial banking operations and a continued strong performance of its capital market segment are likely to help the bank post significant improvement in its earnings in the fiscal year 2021.

As the global economic recovery continues amid reopening, I expect these three bank stocks to continue soaring in the second half of 2021 and beyond.

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:NA (National Bank of Canada)
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Author

jparashar

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