



Big Bank Earnings: Top 5 Canadian Stocks to Watch This Week

Description

The stock market turned slightly negative last week after inching consistently up for several weeks. While concerns about the Delta variant have recently raised questions about [slowing economic growth](#), investors will get a clearer picture of the economy this week when some top Canadian banks release their latest quarterly earnings report. Let's quickly look at Street's earnings estimates for five top banks on the **TSX**.

Scotiabank and Bank of Montréal earnings on August 24

Canadian banking sector's earnings season will kick off with two of my favourite large banks: **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) and **Bank of Montréal** ([TSX:BMO](#))([NYSE:BMO](#)) — releasing their latest quarterly results on August 24. After facing COVID-19-related headwinds last year, both these banks are on a path to a sharp recovery this year. However, Bank of Montréal's financial recovery has been much stronger in the last couple of quarters compared to Scotiabank.

Scotiabank registered an 83% YoY (year-over-year) rise in its April quarter adjusted earnings, while Bank of Montréal's earnings improved by more than 200% YoY for the quarter. This justifies why BMO stock has risen by 32% in 2021 so far against only a 16% rise in the BNS stock.

Analysts expect Scotiabank to post an 83% YoY increase in its Q3 of fiscal 2021 earnings to \$1.90 per share. Similarly, Bank of Montréal is expected to register nearly 59% YoY earnings growth to \$2.94 per share in the July quarter.

Royal Bank of Canada earnings on August 25

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) will announce its results for its third quarter of the fiscal year 2021 on August 25. The largest Canadian bank has [witnessed](#) strong business recovery in the last couple of quarters due to strong client activity and volume growth.

Apart from continued solid growth in its wealth management and capital markets segments, a gradual

recovery in its personal and commercial banking segment could boost its Q3 earnings as well. This could be one of the reasons why Street analysts expect Royal Bank of Canada to report a nearly 22% YoY rise in its July quarter earnings to \$2.71 per share. RY stock is currently trading at \$131.72 per share with 25.9% year-to-date gains

National Bank of Canada earnings on August 25

National Bank of Canada ([TSX:NA](#)) will report its July quarter results on Wednesday, August 25. It was one of the few Canadian banks that continued to report positive YoY growth in its revenue as well as adjusted net profit last year, despite COVID-19-related operational challenges. This strong growth trend is accelerating this year due to increasing economic activities. That's why the National Bank of Canada's stock has risen by 38% this year.

Strong momentum in the housing market and continued strength in its wealth management business performance could boost its third-quarter results this year. Street analysts expect the National Bank of Canada to report about 28% YoY earnings growth in the July quarter to \$2.16 per share with the help of an 11% increase in its revenue from a year ago.

TD Bank earnings on August 26

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is gearing up to release its July quarter results on August 26. It's North America's fifth-largest bank based on total assets. The pandemic-driven headwinds hurt its core banking business operations last year, as its fiscal year 2020 adjusted earnings to drop by 20% to \$5.36 per share. Nonetheless, its well-diversified financial services portfolio, large customer base, and continued focus on providing digital services are helping it recover fast this year.

These factors could help TD Bank post strong earnings growth in the coming quarters as well. Bay Street analysts estimate its Q3 earnings to rise by 53% YoY to \$1.92 per share. TD Bank stock is currently trading with 20% year-to-date gains. Its better-than-expected third-quarter results could trigger a buying spree in its stock.

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1. Bank Stocks
2. Dividend Stocks
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2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:RY (Royal Bank of Canada)
4. NYSE:TD (The Toronto-Dominion Bank)

5. TSX:BMO (Bank Of Montreal)
6. TSX:BNS (Bank Of Nova Scotia)
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