



Top 3 Canadian Bank Stocks (and Dividends) to Buy Now

Description

Canadian stock market is continuing to reach new heights in October. While the **TSX Composite Index** has risen by 4.3% this month, some top Canadian bank stocks seem to be lagging lately. Investors appear to be [cautious](#) ahead of the upcoming big corporate earnings. Nonetheless, I expect these bank stocks to resume their rally with the long-term global economic growth outlook remaining strong. The three Canadian bank stocks I'm highlighting in this article also pay good dividends — making them even more attractive to buy now.

TD Bank stock

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is my first pick on the list of top Canadian bank stocks to buy now. TD stock has risen by 21% year to date to \$87.01 per share. However, it has lost nearly 0.8% in the last five months. By comparison, the main **TSX** market gauge has inched up by 8.1% during the same period.

TD Bank stock has a strong dividend yield of 3.6%. In the first three quarters of its fiscal year 2021, the bank's adjusted profit has been far better than its pre-pandemic levels or its profits in the first three quarters of the fiscal year 2019. In addition, its net profit margin has [expanded](#) significantly during this period. Despite the strong growth trends in its financials, TD Bank stock's recent underperformance makes its stock really attractive at the moment.

Scotiabank stock

The **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is the second attractive Canadian banks stock to buy now. Just like TD Bank stock, the shares of Scotiabank have fallen slightly in the last five months. On a year-to-date basis, its stock has yielded a 15.8% positive return — lower than about 20% gains in the TSX Composite Index.

Scotiabank's financials have seen a strong recovery in the last couple of quarters after the global pandemic affected its earnings growth trend last year. In the July quarter, its adjusted net profit margin

expanded to a multi-year high of 31.5% — compared to 29.8% in the previous quarter and 16.7% a year ago. Despite all these positive factors, its stock hasn't seen much appreciation this year so far.

That's why long-term investors may want to add this cheap TSX bank stock to their portfolio right now. BNS stock has a strong dividend yield of 4.5% at the current market price of \$79.69 per share at writing.

Royal Bank of Canada stock

This list of three top Canadian bank stocks to buy would be incomplete without the **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). The largest Canadian bank has a market cap of about \$186 billion. While RY stock has seen about 25% gains in 2021, it has traded on a mixed note in the last couple of months.

Royal Bank posted a notable rise in its client activity in the last quarter as volume continues to grow amid reopening economies. That's one of the reasons why Street analysts expect the bank to post solid 41% earnings growth in the fiscal year 2021. This massive growth will help the bank recover from COVID-19 driven challenges by taking its earnings much higher than the pre-pandemic levels.

While its dividend yield of 3.3% might not look very impressive to many TSX investors, its consistent dividend growth makes RY stock worth considering for the long term.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. arosenberg
2. jparashar

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/08/15

Date Created

2021/10/19

Author

jparashar

default watermark

default watermark