



Top 3 Bank Stocks to Buy in October 2021

Description

The **S&P/TSX Composite Index** rose 101 points on October 19. Canada's financial space ended the day in the green. The International Monetary Fund (IMF) recently projected that a slowing global recovery and high inflation would weigh on markets in the developed world. That should spur Canadian investors to target bank stocks that offer good value. Indeed, the last batch of bank earnings are set to be released in late November and early December. Today, I want to zero in on three of my favourites in this space.

This bank stock offers exposure to the giant U.S. economy

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is the second-largest financial institution in Canada. Meanwhile, this Canadian bank stock is also one of the largest retail banks in the United States. Its shares have climbed 23% in 2021 as of close on October 19. The stock is up 49% year over year.

Like Canada, the United States has enjoyed a [strong rebound](#) but is still facing challenges due to labour shortages and inflation pressures. Regardless, TD Bank has delivered strong earnings in the year-to-date period. For the first nine months of 2021, the bank posted adjusted net income, or adjusted diluted earnings per share, of \$10.7 billion, or \$5.83. Its Canadian and U.S. Retail Banking segments posted year-over-year net income growth of 68% and 92%, respectively.

This bank stock possesses a favourable price-to-earnings (P/E) ratio of 10. It offers a quarterly dividend of \$0.79 per share, which represents a 3.5% yield.

Here's why I'm seeking out BMO this month

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is another top Canadian bank stock that boasts strong exposure to the U.S. economy. BMO stock has increased 38% so far this year. The stock is up 64% compared to the same period in 2020.

The bank unveiled its third-quarter 2021 results on August 24. Adjusted net income climbed 82% from

the previous year to \$2.92 billion. Moreover, adjusted earnings per share rose 86% to \$3.44. In the first nine months of 2021, BMO posted adjusted net earnings and adjusted EPS growth of 79% and 82%, respectively, to \$6.42 billion, or \$9.63. Like its peers, BMO saw a huge boost in earnings due to a big drop in provisions set aside for credit losses.

Shares of this bank stock last had a solid P/E ratio of 12. BMO pays a quarterly dividend of \$1.06 per share, which represents a 3.1% yield.

One more bank stock to snatch up in October

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) is a bank stock I'd [suggested](#) investors target, as the broader market pullback got underway in early 2020. The February and March [market pullback](#) provided a fantastic buy-low opportunity in this space. This bank stock fell below the \$75/share mark in late March 2020. It closed at \$147.97 on October 19.

In Q3 2021, CIBC delivered net income growth of 48% compared to the previous year. Meanwhile, total revenue rose 7% to \$5.6 billion. The bank stock possesses a favourable P/E ratio of 11. It offers a quarterly dividend of \$1.46 per share. That represents a 3.9% yield.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BMO (Bank Of Montreal)
5. TSX:CM (Canadian Imperial Bank of Commerce)
6. TSX:TD (The Toronto-Dominion Bank)

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