



Is it Time to Take Profits in These Bank Stocks?

Description

Canadian banks just unveiled their final batch of 2021 earnings in late November and early December. The **S&P/TSX Composite Index** was down 339 points in early afternoon trading on December 20. Meanwhile, financial stocks were well in the red on the same day. I've [recommended](#) Canada's top bank stocks throughout the year. However, volatility now threatens the bull market that has extended from the market pullback in early 2020. Is it time to take profits in Canada's top bank stocks in this uncertain environment? Let's jump in.

Canada's top bank looks pricey right now

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) is the top bank in Canada. Shares of this bank stock have climbed 24% in 2021 at the time of this writing. However, the stock has dipped 1.2% in the month-over-month period.

In 2021, Royal Bank delivered net income growth of 40% to \$16.1 billion. Meanwhile, diluted earnings per share jumped 41% to \$11.06. Like its peers, Royal Bank has been powered by significantly power provisions set aside for credit losses over the course of the year.

According to S3 Partners, Royal Bank saw the largest one-month increase in [short sales](#) as of December 16. Royal Bank is still a strong long-term hold, but investors should consider snagging some profits in the top bank stock ahead of 2022.

Here's another bank stock that looks overbought today

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is another top bank stock that has thrived this year. Shares of BMO have climbed 36% in 2021. The stock has slipped 5.6% over the past month. I'd [suggested](#) that investors snatch up this bank stock back in June 2020. Since then, shares of BMO have nearly doubled from roughly \$75 to \$130.76 per share at the time of this writing.

The bank released its final batch of 2021 earnings on December 3. Adjusted earnings increased 66%

year over year to \$8.65 billion in fiscal 2021. Meanwhile, adjusted EPS climbed 68% to \$12.96. BMO also saw its provision for credit losses plunged to \$20 million over a whopping \$2.95 billion in the previous year. All its major segments delivered strong growth in 2021.

Short sales in BMO stock have also surged in the month-over-month period on December 16. Those position have profited nicely in the short term, as the stock has dipped sharply over the past month. This bank stock has fallen out of technically overbought territory since late November. It is now on the edge of technically oversold territory.

Is Scotiabank too pricey to consider?

Scotiabank ([TSX:BNS](#))([NYSE:BNS](#)) is the third bank stock that is worth taking a look at today. Its shares have increased 27% in 2021. The stock has jumped 4.7% in the month-over-month period.

In 2021, the bank delivered adjusted net income of \$10.1 billion or \$7.87 per share compared to \$6.96 billion, or \$5.36 per share, in 2020. Meanwhile, its Global Banking and International Banking segments bounced back nicely after facing tough challenges in the previous year.

This bank stock had an RSI of 69 at its peak last week, putting it just outside technically overbought territory. Investors may want to consider taking profits in Scotiabank as 2021 winds down.

CATEGORY

1. Bank Stocks
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2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:RY (Royal Bank of Canada)
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