



Why National Bank Is Surging Right Now

Description

Canadian bank stocks have become commonplace in the portfolios of most retail investors. This includes both seasoned investors and beginners who are learning about the Canadian stock market. And when it comes to Canadian bank stocks, **National Bank** ([TSX:NA](#)) is certainly worth a look. After all, this bank has been on a nice run of late.

Let's dive into why National Bank is still worth a look, despite its recent surge.

National Bank posts impressive numbers

National Bank's recent [earnings results](#) were impressive, to say the least. The company posted \$464 million in trading revenues for the quarter. That's up from last quarter's \$276 million and \$375 million from a year earlier.

As a whole, this Montreal-based bank posted a Q1 profit of \$932 million, or \$2.65 per diluted share. As a reference, the values for these parameters were \$761 million, or \$2.14 for every share a year earlier.

For the full year, National Bank brought in total net income of \$2.47 billion — that's up from \$2.22 billion a year prior.

Trading at around [10 times earnings](#), National Bank stock has certainly been buoyed by fundamentals. The fact that this stock is only off roughly 5% from its all-time highs suggests investors believe more in the way of profit growth is on the horizon.

Factors fueling the gains for this top bank

The Q1 profits and trading revenue of the National Bank of Canada were driven by heightened market volatility.

The company's CEO stated that heightened volatility levels often drive more transactions, which led

the company to see increased trading activity with its clients during Q1. National Bank indeed surprised analysts, particularly on the trading revenue amount they brought in during the quarter that ended on Jan 31.

There were other factors in National Bank's favour. Net income rose in the bank's commercial and personal banking segments. This was a result of lower credit-loss provisions and rising revenues. Additionally, increasing fee-based revenues drove the wealth management net income. The organization stated that improving credit conditions and macroeconomic backdrop also helped fuel the gains.

Bottom line

National Bank's CEO appears to have a lot to tout from a positive angle following this earnings report. The company's performance, across a range of business segments, was strong. Additionally, sufficient loan loss provisions continue to provide a strong regulatory capital base.

Over time, investors banking on higher interest rates may want to consider financials. Barring another financial crisis type of event, these banks look to be among the best picks right now.

One lesser-looked-at bank is National Bank, which often gets lost in the fray, given the other high-quality banks in Canada. I think investors shouldn't make the mistake to ignore this bank right now.

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Date

2025/09/09

Date Created

2022/03/04

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