



2 Canadian Banks Stocks to Buy as They Rally in the Face of a Correction

Description

The stock market correction has been absolutely devastating to the portfolios of many new investors who were drawn in by the promise of quick gains in the back half of 2020. Unfortunately, most of the gains have been surrendered, and dip-buyers have grown exhausted. While growth stocks may be in the no-fly zone, I think that investors should pick and choose their way to market-beating gains in 2022.

Unfortunately, beating the market in 2022 may entail finishing off the year by breaking even. In any case, Canadian banks are in an intriguing place right now. While we do not know much about what's to happen with the war in Ukraine or the ongoing COVID-19 pandemic, which triggered waves of lockdowns in China, we do know that inflation is here, and it's eating into your purchasing power as we speak.

Canadian banks: The place to be right now?

Further, rates are headed higher from here. Although recent market events could slow the Fed's decision, it seems as though the Fed needs to compensate for its mistaken "transitory" view of inflation. With supply chain issues and other problems facing the macroeconomic environment, the focus should be set on bargain-basement companies with wiggle room and the ability to adapt to the ever-changing tide. In my view, there are no better companies to make it through another year of turbulence than Canada's big banks.

They look cheap and are likely to continue higher, even if the odds point to a 35% chance of recession this year. Even if the banks are dragged down, it doesn't take them long to bounce back from harsh times, as we witnessed back in 2020. They're built to last and are hard to keep down for prolonged periods of time.

In this piece, we'll have a look at two [intriguing](#) Canadian bank stocks that I think could [rally](#) as markets sink lower into April 2022.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) is quickly evolving to become one of my favourite bank stocks. In fact, it may very well be one of my favourite Canadian businesses following its acquisition of Bank of the West and its brilliant management team that helped them reverse course in what was a horrid 2020.

The Bank of the West deal was slightly expensive, but given the stage that's set for the banks right now, BMO may have walked away with a bargain, given its talents south of the border. As BMO integrates its new acquisition, I think it will so hard to resist the bank, as the right cards fall into place and earnings look to move much higher from here. Sure, a recession in 2022 could be a bump in the road. But for long-term investors, the opportunity at BMO should be more apparent. It's a growthy bank that may very well be Canada's finest.

National Bank of Canada

Speaking of growthy banks, **National Bank of Canada** ([TSX:NA](#)) had a great 2020 but has been in a slump of late. Shares are fresh off an 11% correction. Although National Bank hasn't been wheeling and dealing to the same magnitude as its peers, I like the growth profile and willingness to disrupt its peers.

Of course, I speak of National Bank's brokerage, which did away with commissions entirely. It's a major step, and I think that of the Big Six, National Bank has room to run. It can put up a fight, and through the 2020s, I think it will show that it's more than just a number-six regional bank. It's moving beyond regional territory, and with that could come some massive dividend hikes for investors.

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