Toronto-Dominion Bank Is Headed in the Right Direction

Description

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) investors have plenty to be excited about as we enter a Donald Trump presidency.

The company is slated to benefit from the U.S. president-elect's policies; the top banking stock in Canada will face fewer regulations and lower corporate taxes. The expected boost that the U.S. economy will experience will benefit domestic growth in Canada as well as reduce any potential trading barriers that could come from the presidency.

Additionally, there are no glaring negative aspects of a Trump presidency that will hamper TD Bank. High revenue in the U.S. could benefit companies such as this one, and Toronto-Dominion Bank has the highest percentage of revenue based in the U.S. out of all Canada-based bank stocks.

The company's commitment to its customers was highlighted by a recent move that will help some consumers decrease their overall spending. TD Bank launched an app called TD MySpend that examines the spending habits of its customers and suggests that they spend less in certain situations.

The app monitors how other customers spend their dollars during an outing, whether it be food, a night out, or buying furniture. About 750,000, or 20%, of TD Bank's customers have downloaded the app with 30% saving money thanks to its suggestions. These people have saved between 4% and 8% in their monthly spending thanks to the app. MySpend only examines customers from one bank, but it will soon have technology that looks at how consumers from other banks spend their dough.

The company last reported its quarterly results on December 1, when it posted fiscal fourth-quarter earnings of $1.20 per share, rising 25% year over year. On an adjusted basis, TD Bank earned $1.22 per share, meeting the consensus estimate based on data from analysts polled by **Thomson Reuters**. Revenue came in at $8.75 billion, rising 9% year over year.

Retail earnings in the U.S. were 18% higher over its fourth quarter, while its Wholesale segment saw profits surge 21% compared to the year-ago quarter's figures. Adding to this strong earnings showing were no credit losses in the company's Wholesale business. The company's oil business is also noteworthy as the energy industry will suffer some setbacks in 2016.

TD Bank's involvement in oil has decreased as its "Oil and Gas Producers and Services" outstandings were reduced by $400 million, lowering the company's oil business to less than 1% of its overall operations. Its performance in the U.S. improved and is expected to rise even more over the coming months. Earnings are expected to grow by a rate of 7-10%.

In its most recent period, the company raked in 87% of its net income from its Retail business in the U.S. and Canada. This segment could be more stable than its Wholesale business moving forward. Dividend investors could benefit greatly from this fact as TD Bank rewards investors quite generously.

The company shells out 55 cents per share on a quarterly basis to stakeholders. TD Bank's annual dividend yield comes in at 3.52%, and this figure has more than doubled over the past decade.

Analysts are recommending you either buy or hold on to TD stock moving forward, and the company's recent success suggests the same. Additionally, the impending Trump presidency will make for a strong 2017 for TD Bank. The company's stability and its decision to reduce its involvement in oil could make for an even stronger yield moving forward.

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Date
2025/08/26
Date Created
2016/12/16
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