

# Toronto-Dominion Bank Beats Expectations in Q2: Should You Buy the Stock Today?

## Description

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) released its second-quarter results on Thursday in what was another strong showing for one of the country's top banks. Net income was up 17%, while revenue for the quarter rose by 12%. The bank recorded an adjusted per-share earnings of \$1.62 this past quarter, which was well above the \$1.50 that analysts were expecting.

Despite the strong results, the stock didn't see much movement, as the share price was up less than half a percentage by the day's close. Let's take a closer look at the results to see how the various segments did.

## Segment analysis

In TD's Canadian retail division, the bank saw a modest 7% jump in sales, while net income grew by 17% despite insurance claims and non-interest expenses rising from a year ago. The growth in revenue was driven by higher loan and deposit volumes, and TD was also able to capitalize on a higher spread as a result of rising interest rates.

South of the border, in the company's U.S. retail segment, revenues were up 5% year-over-year and profits for the segment grew by 15%. Similar to the Canadian segment, the U.S. portion of the bank's operations benefited from higher spreads and greater volume.

In its wholesale banking segment, TD's revenues were up 7% as trading revenues increased this quarter. Net income grew by 8%, and could have been more were it not for an increase in non-interest expenses and rising provisions for credit losses.

As a whole, TD posted a strong quarter and continues to show strong growth. It was able to take advantage of rising interest rates, and with rates expected to continue to increase, we could see even more growth in future quarters and years. President and CEO Bharat Masrani was pleased with the results and stated in the release, "At the half-year mark, we are extremely pleased with the earnings growth in all of our business segments on both sides of the border."

## Why didn't we see more of a jump in share price?

Investors might be surprised that the stock didn't get much of a boost from its strong earnings result. However, TD is already trading near its 52-week high, and with the share price around a multiple of 14 times its earnings, it is relatively expensive compared to its peers. Earlier this week, we saw another bank stock [perform well](#) and its share price actually went down, an indication that investors might be turning bearish on bank stocks as mortgage rules start to tighten.

## Should you buy TD stock today?

TD is a great long-term buy, and these results prove that the stock will continually find ways to grow. While TD might be a tad expensive for a bank stock, it provides investors with a [great dividend](#) and lots of stability. It is a well-diversified company, and the bank will benefit from strong economies in both Canada and the United States.

While you might be tempted to wait for a dip in price before buying the stock, it's not likely that you'll see a big correction come its way anytime soon.

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1. Bank Stocks
2. Dividend Stocks
3. Investing

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