Toronto-Dominion Bank (TSX:TD) Is Now Canada's Top Banking Stock

Description

It's a great stock for your TFSA. It's a great retirement stock, too, custom made for your RRSP or RRIF. Investors love it for its dividend and its sturdy defensiveness. It's **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD), Canada's number one banking stock (as of this week) and a stalwart of the TSX index. It's also still trading at a discount, though probably not for long. Let's take a look at why TD stocks are still so popular with investors.

TD stocks are still technically discounted – but only just

At $76.98 a share at the time of writing, TD Bank is still changing hands below its future cash flow value, which is a projected $78.59. Until it reaches that point, it's technically trading at a discount, even if it's only by a couple of percentage points. And that meagre discount most likely won't last for very long, especially after news broke of its newfound primacy as the top Canadian banking stock.

TD Bank has also done well to avoid the negative press that some other of the Big Six banks had to deal with earlier this year. Indeed, the TD Bank Group was the first Canadian financial institution to join forces with the Canadian Institute for Cybersecurity, rolling out layered security to protect its customers' data.

TD Bank is healthy, too – very healthy. Its proportion of non-loan assets held is acceptable; its liabilities are mostly from low-risk funding sources; and its assets/equity ratio is appropriate for a bank of its size. Its allowance for bad loans is also sufficient. All of the above make up the high level of stability that investors are paying for when they buy TD Bank stocks, and make it a recommended stock for long-term growth. Put simply, if you want a dividend pick for your TFSA, RRSP, or RRIF, then TD Bank stocks should be on your shipping list.

The choppier the world economy gets, the better this stock looks

TD Bank's P/E ratio is another indicator of its status as a good value stock compared to the TSX index as a whole. At 13.4 times earnings, the price is right, especially when compared to the **TSX Composite Index** P/E of 16.2 times earnings. It's a moderate growth stock, too, which is good news for growth investors. TD Bank is expecting a rise of 7.55% in annual earnings, so there's even more of an incentive to hold onto this stock long-term.

A dividend yield of 3.53% isn't bad, either. It's set to rise to an estimated 3.65% next year – a little reward for loyal shareholders. If you want to get paid at the end of July – TD Bank's next dividend payout – then you still have a couple of weeks to buy in. July 9 is the cutoff point before the stock starts trading ex-dividend, so set yourself a deadline to pick up some reasonably priced stocks in the biggest of the Big Six.

The bottom line

There's not much ill that can be spoken of TD Bank stocks. The price has risen steadily since it first appeared on the TSX index, resulting in TD Bank becoming one of the Bay Street superstars and now the premium Canadian banking stock. It’s a stock that will work hard for you wherever you put it, be it in your retirement fund or your tax-free savings account. It’s also relatively tariff-proof, so if you’re looking for resilience during ongoing trade disputes, you’ll have no trouble here. Buy it for the dividend and the peace of mind that long-term investors look for in defensive stocks.

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