



## Post-Earnings TD Bank (TSX:TD) Stock Is Perfect for Your TFSA or RRSP

### Description

If proof is needed that **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) were truly the king of Canadian banking stocks, its huge Q3 earnings certainly confirm it. The end of the Big Six earnings season saw TD Bank beat expectations of profits with a huge win in its American division, with a 31% leap in earnings south of the border. Total net income jumped 12%, with earnings per share beating analysts' expectations by \$0.03 a share.

Investors who look to the **S&P/TSX Composite Index** with defensive dividends should look no further that this superstar stock, which overtook the competition this summer to become the [most popular Canadian financial](#) to own. With market ratios that are only marginally warmer that they were at the start of the summer, but still plenty of potential profit for investors, TD Bank gets a resounding "buy" signal today.

### Investors are banking on success

Back in June, TD Bank was still trading at a discount, and it looked likely that the undervaluation would be short-lived. Indeed it has been, with shares now changing hands for around a couple dollars more than its future cash flow value. That's still not bad at all for a banking stock that is about as near-perfect as you could wish for.

TD's market fundamentals aren't too bad, though they could be a shade better. TD Bank's P/E ratio is a tad high for the Canadian banking industry, but undercuts the market at 14 times earnings. The financial giant has a slightly high PEG ratio today at twice growth, and its P/B ratio likewise is twice book value.

TD Bank's expected annual growth in earnings has dropped a little, down from 7.55% at the start of summer down to 7%. Likewise, with a slight improved in the share price, that dividend yield has dropped from 3.53% in June down to 3.38% at current prices.

### Expect more of the same for TD Bank's Q4

CEO Bharat Masrani has been keen to impress investors that more is yet to come: "While we continue

to see pockets of market uncertainty stemming from the geopolitical climate, both the Canadian and U.S. economies continue to perform well and support a positive outlook for our diversified businesses across the bank as we head into the final stretch of the year,” he said in a statement.

With a bullish third quarter like this, TD Bank is looking like a wise investment for Canadians looking to add sustainable passive profits to their tax-free savings accounts or retirement funds. Exposure to U.S. banking may be a good move for fans of financials looking for diversification, with much of TD Bank’s \$3.11 billion income sourced from American loan and deposit growth, increased margins, and a boost from tax reform south of the border.

### **The bottom line**

Any worries about economic stability seem to have gone out of the window on the back of a robust Canadian banking earnings season. Remember those [fears about data breaches](#) earlier in the year that affected a couple of TD Bank’s fellow lenders? It seems that nobody else does either, with share prices rising on a broadly bullish financials market. If TD Bank looked good earlier in the year, it’s looking pretty tasty right now.

### **CATEGORY**

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

### **TICKERS GLOBAL**

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Stocks for Beginners

### **Date**

2025/08/23

### **Date Created**

2018/08/30

### **Author**

vhetherington

default watermark