



## 3 Top Bank Stocks Are Oversold: Should You Be Buying?

### Description

Buying on the dip can be a risky [strategy](#) in many cases, but when you're talking about some of the biggest bank stocks on the TSX, that's not going to be the case. Recently, we've seen sell-offs hit many different sectors and industries, including three bank stocks that could be great buys.

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) continues to decline despite posting strong results, as a variety of factors have weighed down the TSX, which is now nowhere near 16,000. Those macro-level concerns are having an impact on TD, which is down 7% in just the past month.

After climbing to a peak of over \$80, many investors have cashed out as the stock has failed to see much momentum since. However, over the long term, it's likely we'll see TD's stock continue to climb and likely soar well beyond its previous high.

TD stands to [benefit](#) the most of its peers from U.S. tax cuts passed last year, meaning that its bottom line will only get stronger. And with both the Canadian and U.S. economies continuing to do well, there's no concern in the foreseeable future that things are going to slow down.

Although TD isn't near its 52-week low just yet, it is at a **Relative Strength Index** (RSI) of under 27, which indicates that the stock may be due for a turnaround. Anytime the RSI falls below 30, it's a sign that there's been excessive selling of a stock, which is what we're seeing with TD, and there hasn't been a good reason for it, and that's why I'd expect a turnaround sometime soon.

At a dividend rate of 3.6%, it might be worth buying and hanging onto the stock for now.

**Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) is also down similar to TD, as it's also coming off a recent high. The stock is trading at an RSI of around 28, which is a little higher, but still oversold with respect to its recent activity.

CIBC's stock has normally traded at lower multiples than its peers, given its risk profile and smaller presence south of the border. But following a big acquisition last year, the bank is setting itself up for a lot of growth in the U.S., and that could result in a higher multiple as well as greater profitability.

Its dividend is now at 4.7%, and it would be a good time for investors to lock in before it goes down if the price recovers.

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is another struggling bank stock, having fallen around 9% in just the last month. Scotiabank's stock is near its 52-week low and is also at an RSI of 28.

The stock has struggled to find much sustainability in 2018, as it's down more than 12% year to date. Scotiabank will give you a much different geographical mix for your portfolio with a strong presence in Latin America, as it too has strong prospects for growth in the years to come.

Its dividend yield is the highest on this list, currently paying shareholders 4.8% per year.

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2. NYSE:CM (Canadian Imperial Bank of Commerce)
3. NYSE:TD (The Toronto-Dominion Bank)
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