



## Should You Buy Toronto-Dominion Bank (TSX:TD) Stock Before Q4 Earnings?

### Description

**Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) stock rose 0.95% on November 21 one day after shares hovered around a 52-week low. TD Bank has struggled along with other Canadian financials in November as a global stock sell-off has swept across nearly all sectors. Shares of TD Bank have dropped 3.4% in 2018 so far.

As we take a quick glance at the technicals, TD Bank still looks attractive in late November. Its RSI sits at 32, as it skirted above oversold levels yesterday. Still, since early October the stock has been at its most attractive levels since the middle of April.

TD Bank is set to release its fourth-quarter results on November 29. There is reason for optimism ahead of its earnings release, but also headwinds in the domestic and global economy that are worth considering.

Canada's GDP increased 0.1% in August, but this did represent the seventh consecutive month of growth. The oil and gas extraction industry and finance and insurance provided the bulk of growth, while 12 of 20 major sectors suffered declines. This may be a concern heading into December, as oil and gas prices have sharply corrected in October and November, putting more pressure on Canadian energy companies. The finance and insurance sector edged up 1% in August, which is a positive takeaway for investors eyeing bank stocks.

The Bank of Canada is eyeing further rate hikes, which will put more pressure on consumers. Central bank Governor Stephen Poloz reiterated that it is driving toward a neutral rate between 2.5% and 3.5%. The current benchmark rate of 1.75% is still too stimulative for an improved economy. Still, the central bank wishes to undergo gradual hikes going forward.

Canada's [housing market has stabilized](#) in the summer and fall and looks balanced heading into the final weeks of 2018. Policymakers moved to cool the market in mid-2017 and new regulations seemed to have been effective. National home sales have reverted to a 10-year average, while prices are up 2.3% year over year.

With the broader picture looking like a mixed bag, how is TD Bank looking as we await Q4 earnings? A

strong U.S. economy has been great news for TD Bank, which boasts the largest U.S. footprint of any of its peers. Tax reform proved to be a [huge boost](#) to its earnings in the U.S. Retail sector. In the third quarter, TD Bank reported adjusted net income of \$1.1 billion in its U.S. Retail, representing a 29% increase year over year.

On the domestic side, TD Bank has received a boost in its Canadian Retail from higher interest rates, which have improved margins. The bank has also realized higher loan and deposit volumes in 2018 and growth in wealth assets. Rate tightening will reach a point of diminishing returns for banks, but in 2018 the hikes have benefited TD Bank and its peers.

TD Bank stock is a good bet to bounce back in the final weeks of 2018 and beyond. The stock is worth a pick up before its Q4 earnings release. It also offers a quarterly dividend of \$0.67 per share, which represents a 3.6% yield.

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