



Dividend Investors: Should You Buy Toronto-Dominion Bank (TSX:TD) Stock?

Description

The rebound in the stock market in recent months caught many analysts by surprise, and investors are now wondering whether some of Canada's big names might still be interesting picks for buy-and-hold dividend [portfolio](#).

Let's take a look at **Toronto Dominion Bank** ([TSX:TD](#)) ([NYSE:TD](#)) to see if it is attractive right now.

A wild ride

TD's stock has been quite volatile in the past six months, which is relatively rare for the bank that many pundits consider the safest bet among Canada's leading financial institutions. The shares hit \$80 last September, but the broad downturn in the banking sector took the stock as low as \$66 in late December.

Investors who put some TD in their holiday stockings are happy with the gift right now, as the stock currently trades at \$75, down from the recent peak.

A weak fiscal Q1 earnings report has some analysts wondering if the bounce has gone too far, however. Economic data hasn't been great in the past few weeks, and the Bank of Canada is now expected to hold interest rates at the current level through the end of the year.

On one hand, the pause in rate hikes should provide support for the housing sector, which is a large part of TD's Canadian business. Rising rates, however, tend to boost net interest margins for the banks, and on a net basis, the benefits to the bank from higher rates generally offset the negatives.

TD continues to generate significant profits and management is maintaining its guidance for earnings growth of at least 7% for the medium term. In fact, TD is an earnings machine, churning out an average of \$1 billion in earnings per month.

TD's U.S. operations provide a revenue balance to counter any potential trouble in the Canadian economy. The American business generates more than a third of TD's overall profits.

The company has a strong track record of dividend growth, raising the payout by a compound annual rate of about 11% over the past 20 years. The current distribution provides a [yield](#) of 3.9%.

Should you buy?

The stock was a much better deal three months ago, but TD is still reasonably priced at the current multiple. If you're looking for a buy-and-hold pick to anchor your dividend-focused portfolio, TD should be on your radar.

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