



## Better Buy in November: CIBC (TSX:CM) or TD Bank (TSX:TD)?

### Description

Buying any of the Canadian banks has proven to be a long-term success strategy over the years. These cash machines pump out dividends in addition to their eye-popping capital gains over the decades.

Not every Canadian bank is created equal, however, so it's a good idea to know what you're looking for when it comes to buying one of these stocks for your portfolio.

Two banks that are quite different are **Toronto Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and the **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)).

The benefits and drawbacks of each bank are quite different, so it pays to know what you're getting into before deciding which bank to buy.

### Dividends

Getting income from these stocks is one of the main reasons why people choose to invest in these names. Even today, after a great run in the latter part of the summer, these stocks are yielding a respectable 4% for TD and 5.2% for CIBC at the time of writing.

If you're looking for pure yield, the 5% yield offered by CIBC appears to be more tempting for income-focused investors, while overall growth seems to lean toward TD, even though it has the lower absolute yield of the two stocks.

Both stocks have been growing their dividends over the years, but TD has been growing its dividend at a much higher pace, frequently raising its dividend twice a year.

### Corporate growth

Of the two stocks, I definitely prefer TD's growth strategy over that of CIBC. TD has a well-established U.S. presence that CIBC is just beginning to try to emulate.

Almost half of TD's business now comes from the United States as opposed to a much smaller portion for CIBC. CIBC is very much focused on Canada, making it far more exposed to the Canadian economy than is the case for TD.

If you're in any way nervous about the state of the Canadian economy, TD would definitely be [the best choice](#) of the two at the present time.

Of course, the Canadian housing market seems to be going up again and the job market is looking more stable, which might make one lean [toward CIBC](#). Unfortunately, I can't shake the feeling of impending doom in the Canadian economy as households take on more debt with each passing year.

The recent news regarding trading fees has, however, put some pressure on TD shares. TD Ameritrade, its American discount broker, could face some tough times in the near term due to the race to the bottom affecting many U.S.-based brokers.

In reality, however, this is a relatively small part of the company's business and this news should be considered to be just noise for long-term investors.

## Which stock is best?

I'm very nervous about the state of both the Canadian and global economies. About the only country in which the consumer seems to be in decent shape is the United States, which makes TD bank the clear winner in my opinion. That fact alone is enough to sway me towards TD. The extra 1% dividend you get from owning CIBC is not enough incentive.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

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

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