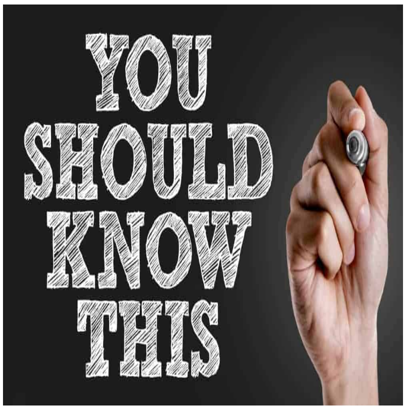

This World-Class Bank Stock Is on Sale This Week

Description

Slowing growth and extra provisions for bad loans saw investors punishing two of the biggest banks on the **TSX** toward the end of the week.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) failed to impress shareholders, with a quarterly profit drop of 3.5% in its Q4. TD Bank's bottom line was impacted by restructuring costs and making allowances for risk.

Canadian Imperial Bank of Commerce also missed earnings estimates, with risk provisioning and a slowdown in banking growth weighing on profits in its most recent quarter.

Taken together with the losses from the TD Bank investor pool, CIBC's dip of almost 6% this week is a cautionary note in a market beginning to vibrate with uncertainty once again.

Seeing TD Bank lose 5% on the TSX is a worrisome sign for anybody keeping a close eye on Canada's most defensive assets. The downturn weakened the tailwinds that had been filling the sails of the TSX from a favourable energy sector performance earlier in the week.

Investors have a chance to buy a quality banking stock at a knocked-down price. Income investors who like the widest possible margins should also note that TD Bank's yield has been nudged closer to 4% by the drop in share price.

CIBC's 5% yield is currently the tastiest of the Big Five, however, and its lower share price also makes for a play on quality, value, and passive income.

Meanwhile, with its level of impaired loans falling, **Bank of Nova Scotia** is also gearing up ready for a correction. CEO Brian Porter doesn't predict one anytime soon, however: "Risk happens quickly, and we govern ourselves accordingly," Porter said recently of Scotiabank's ability to weather a market downturn.

Having avoided this week's headwinds in the banking sector, Scotiabank is a sturdy income stock with a 4.85% yield.

How do banks' yields compare with other safe assets?

The most defensive stocks are not necessarily the highest paying when it comes to passive income, however. Look at dairy producer **Saputo**'s 1.74% yield for instance.

While not in the same range as a Bay Street banker, it puts **Alimentation Couche-Tard**'s 0.57% yield in the shade.

Utilities are often held up as being classically defensive; after all, no business can go without electricity. The 3.64% yield offered by **Fortis** is perhaps the best in this space, and while **Brookfield Asset Management** offers greater diversification, and therefore lower risk overall, its 1.1% yielding payout is less than a third of Fortis.

Real estate, another classically defensive asset class, is perhaps best represented at the moment by **CAPREIT**'s fairly decent 2.6%.

On the extreme end of the scale, the standard bearer of safe haven assets is still gold. Miners are not generally held for their dividends, though **Barrick Gold** pays a yield of 1.17% to shareholders.

The bottom line

Investors seeking safety as uncertainty mounts in the markets have a strong play on mild weakness this week for two of the largest banks on the TSX.

Their dividend yields compare favourably with classically defensive assets such as consumer staples, and can form part of a downturn-ready mix of income stocks.

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vhetherington