
Stock Market Rally: The Best Bank for Your Buck

**Description**

This stock market rally can be a really tempting time for investors. There is so much potential to make huge gains in a short period of time. Stocks that were once too pricey to purchase are now at 52-week lows, and those lows may not last too long.



But unless you're a professional, looking for ways to make quick cash is not what you should be doing right now. Instead, this is also the perfect time to buy up blue-chip stocks that can make you strong gains in the next year — and huge gains when held for decades. That's why bank stocks are the perfect option, and in particular **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD).

# The stock market rally bank

Let's be honest, the near future isn't going to be ideal for TD stock investors. A market crash brought this stock tumbling down by 37%, and as the stock market rally continues, it has still only come up by about 10% as of writing. A housing crash could also be in the works, which would send any bank — including TD — falling from any gains made.

But here's why this bank could do better than the other Big Six Banks. TD has been a conservative lender, focusing on businesses that will provide less volatility. This allows the bank to have fewer losses from loans and less earnings volatility as the stock market rally continues. So when earnings reports come in, TD stock should continue to see some decent performance compared to its peers.

# Future earnings

So let's say the stock market rally continues, why will TD stock do better than its competitors? The answer: the United States. Many competitors have either set up in the U.S. already, or haven't expanded to this area at all. TD is in the midst of expansion. Even better, the bank has already become one of the top 10 banks in the U.S. with even more expansion in the works.

TD stock should also continue to get a significant boost during this stock market rally from its expansion into the wealth and commercial management sectors. These are highly lucrative areas that have already proven to be strong earners for others banks.

Coupled with the great addition to its U.S. expansion, this will likely see TD stock bounce back quicker than its peers, especially since the U.S. should recover faster than Canada.

## A long-term buy

What I've been discussing is the past — and future — of this company. But the main reason you want to hold onto TD stock is because there are some things that never change. The stock has had steady and stable growth for the last decade, growing almost 250% before the market crash. Now that the stock market rally is here, it's likely to continue on that trajectory.

And another thing you'll have to look forward to apart from TD stock growth is the bank's dividends. This bank has a stellar history of dividend growth, currently offering a 5.76% yield for today's investors. The bank has had a history of 8% to 10% increases over the last several years, which should continue far beyond the stock market rally.

So say you were to take $20,000 and invest today in hopes of just reaching fair value this year. That would bring your investment to a whopping $30,012! As well, you would receive annual dividends of $1,156.56 for a total of $31,168.56 by 2021.



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