



Is TD Bank Stock a Buy Right Now?

Description

Shares of Canada's banking giant **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) have fallen over 25% since the start of the coronavirus-led market sell-off. TD is not an ideal pick for growth investors. But the recent decline makes it an attractive buy, especially when you consider its low valuation and a yield of 5.5%.

TD is one of the largest banks in North America. It has three primary business segments – Canadian retail, U.S. retail, and wholesale banking.

With over 26 million customers, the TD raked in \$41.06 billion in sales last fiscal year. As of January 31, it had \$908 billion in deposits, \$693 billion in loans, and \$424 billion in assets under management.

In the last reported quarter, TD managed to increase sales by 6% year-over-year to \$10.6 billion. Comparatively, earnings were up 6% as well.

Is TD a solid long-term bet?

TD has a huge presence in Canada and the United States. With a population of 332 million and a real GDP of US\$19 trillion, the United States is the world's largest economy. Comparatively, Canada is the tenth-largest economy, with a real GDP of \$2.1 trillion.

TD is one of the five largest banks in Canada with a network of 1,088 branches and 3,508 ATMs. In Canada, the company has a composite market share of 21% and consistently ranks in the top two positions in terms of market share for most retail products.

It provides a comprehensive wealth offering with an opportunity to engage customers on a personal level. In the United States, TD has a network of 1,220 branches and 2,778 ATMs. It operates in four of the 10 metropolitan statistical areas and seven of the 10 wealthiest states south of the border.

The deposits market in the United States is worth US\$4.2 trillion, providing TD with enough opportunity to gain market share. The company has access to 110 million people or 33% of the country's

population. It can continue to push this number higher, given an already established presence in all major markets.

TD has a diversified business mix. The Canadian retail business accounts for the majority of sales at 55%, followed by U.S. retail at 31%.

Valuation and dividends

TD has a forward price-to-sales ratio of 2.5 and a forward price-to-book ratio of 1.27. It has a forward price-to-earnings multiple of 9.6. While analysts expect revenue to rise by 0.5% in 2020, earnings are expected to fall by 5.9%. The COVID-19 pandemic will weigh on company financials.

However, revenue is expected to rise by 3.9% in 2021 compared to earnings growth of 5.9%. We can see that TD is trading at a cheap valuation given earnings growth and a tasty forward yield.

The company has increased dividends per share at an annual rate of 10% since 2000. Dividends have increased from \$0.46 in 2000 to its current figure of \$3.01.

The Foolish takeaway

TD is a colossus when it comes to the banking space. It is conservative in operations, which helps tide the bank over in difficult times such as the financial crisis of 2008-09. In the United States, it is largely [focused on the East Coast](#), which provides it with good opportunities for growth in the upcoming decade.

Its stock price is expected to be volatile in 2020, but the COVID-19 pandemic will impact most industries. TD [remains a top company](#) given its low valuation, solid dividend yield and potential for long-term growth.

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