



Got \$5,000? Now Is the Time to Invest in This Bank Stock

Description

The **S&P/TSX Composite Index** has had an incredible run over the past two months. The Canadian index has surged more than 30% since March 23. It's also worth noting that the market experienced a drop of almost 40% in just over one month earlier this year.

The market volatility we've witnessed this year has been second to none. And there may be more to come in the short term.

Many companies experienced a strong rebound over the past two months, in line with the S&P/TSX Composite Index performance. There is one industry that investors are still waiting to see produce a turn around like that, though. This would be bank stocks.

Each of the Big Six banks in Canada is trading well below all-time highs. Bank stocks were hit very hard from the market downturn created by the COVID-19 pandemic. How come we haven't seen a strong rebound yet, like many other TSX stocks?

The Great Recession just over a decade ago was a devastating time for bank stocks. Banks have performed very well since the bottom of that recession, but they were hit especially hard during those couple of years. There's a reason why investors refer to that recession as the financial crisis.

Investors may be rightfully skeptical to invest in bank stocks during this market downturn. There is still plenty of uncertainty in the short-term future of the Canadian market, but investors can rest assured that bank stocks are in significantly better positions today than there were during the financial crisis.

A top TSX bank Canadian investors should consider adding to their portfolios today

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) benefits from a strong U.S. presence to help bolster a position as one of the top banks in not just Canada, but the U.S. as well. The \$100 billion bank ranks second in size in the Big Six banks in Canada.

TD has executed an [aggressive expansion strategy](#) across the east coast of the United States. Still, with plenty of growth left on the west coast of the country, the bank is already ranked in the top-10 U.S. banks based on total asset size.

TD provides services to both personal and commercial customers. The bank has recently been investing in its wealth and commercial management sector, which investors responded to very positively. This sector has already proved to be very lucrative by some of the other Canadian banks.

The combination of the continued expansion in the U.S. and the investment in the wealth and commercial management sector should help drive growth for many years to come.

Dividend yield

A bank stock recommendation would not be complete without mentioning dividends.

TD owns a Dividend Aristocrat status, as it has been paying a dividend out to shareholders for more than 150 years. It's also worth noting that the bank [kept paying its dividend](#) during the last recession, which should help put TD shareholders at ease today.

At today's stock price, the yield is a whopping 5.6%. Each share pays a dividend of \$3.16 per year to shareholders.

A \$5,000 investment in TD stock today would pay shareholders a quarterly dividend check of \$70. That quarterly dividend cheque re-invested in TD stock would be more than enough to pick up an additional share while the stock price is hovering around \$55 today.

Foolish bottom line

There still may be plenty of questions around the future of the Canadian market, but that is no reason for a long-term investor to shy away from starting a position in one of Canada's biggest banks.

We may continue to see market volatility in the short term, but there are plenty of areas of long-term growth still ahead for this bank. And with a dividend yield as high as 5.6%, investors can count on this reliable dividend payer, even if the market worsens.

CATEGORY

1. Bank Stocks
2. Investing

POST TAG

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2. Editor's Choice
3. TD Bank

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1. NYSE:TD (The Toronto-Dominion Bank)
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