



TD Bank (TSX:TD) Could Be a Massive Winner in 2021

Description

Don't look now, but **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) and the broader basket of "Big Six" Canadian bank stocks are soaring. TD Bank stock is now up over 23% off its late-October low, and with 2021 poised to be a huge recovery year for the Canadian and U.S. economies, I'd say that the stock still has far more room to run over the next 13 months.

If you hesitated or did something as foolish (that's a lower-case f) as selling the banks at a big loss after they crashed over the slew of bad news, you missed out on one of the sharpest bounces since the rebound that followed the Great Financial Crisis of 2008.

TD Bank surges shortly after analysts downgraded the stock

In many [prior pieces](#), I've urged investors to look back at the banks' recovery trajectory following the crash that preceded the Great Recession, also noting that the banks, including the likes of TD, were far better positioned going into the [2020 coronavirus crisis](#), after having prepared for a majority of 2019 to better deal with the downturn in Canadian credit.

Sure, the banks had seemingly insurmountable headwinds in front of them, but in my mind, they were never really as risky as most folks on the Street made them out to be. When some analysts turned their backs against TD Bank in October, a time that would have been the perfect time to get greedy, I'd urged investors to ignore the noise and to continue accumulating shares while they were still cheap, as concerns outlined by the analysts, I thought, were either overblown or already baked into the already depressed share price.

As it turned out, I was right. And the herd was wrong in a big way.

"TD Bank has been back on the retreat thanks to recent downgrades by a handful of analysts, including the likes of those at Credit Suisse, who recently slapped an 'underperform' rating on the name alongside a meagre \$59 price target. Credit Suisse notes that TD Bank is the 'most exposed to low rates,' with the 'lowest exposure to the capital markets.' No surprises on that front. I think the recent bout of pessimism is a tad overblown and would encourage value investors to take recent

analyst downgrades with a fine grain of salt.” I wrote in a prior piece. “As analysts turn their back against the well-run Canadian bank that I still think is worthy of a premium multiple versus its peer group, I’d be more inclined to scoop up more shares while they’re trading at a steep discount to historical averages.”

Sometimes you just need to go against the herd at a time when you’d look absolutely foolish for doing so. Indeed, if you gave into the selling pressure or the untimely analyst downgrades, you took a pretty big hit to the chin.

How much more room does TD Bank have to run?

With vaccines likely ready to go over the coming months, I think TD Bank could be headed to new heights and would encourage investors who’ve yet to punch their ticket to the top COVID recovery plays to accumulate shares now and after any retracement in December. TD Bank is a premier player that was destined to recover from this crisis. While the opportunity to pay two quarters to get a dollar is gone, I still think the name will be among the major winners in 2021.

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Date

2025/07/07

Date Created

2020/11/25

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