



## Is This 1 Bank Stock a Screaming Buy Before its Earnings Next Week?

### Description

One of the top Canadian banks — **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) — will announce its Q4 of fiscal 2020 results on December 3 before the market opening bell. Just like most of its peers, TD Bank stock has been rising sharply in November. Let's take a closer look at its recent stock movement before discussing what to expect from its upcoming earnings event.

### Recent stock price movement

As of November 25, TD Bank's stock has gone up by 21.1%, [outperforming the broader market](#) by a wide margin. The **S&P/TSX Composite Index** has gone up by 10.9% so far this month. In comparison, other bank shares such as **Royal Bank of Canada**, **Bank of Nova Scotia**, and **Canadian Imperial Bank of Commerce** have seen 15.6%, 16.4%, and 11.8% gains, respectively, in November.

Apart from increasing hopes of COVID-19 vaccines, investors' high hopes from the upcoming Canadian bank earnings season could be driving these massive gains in these stocks.



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TD.CA Toronto-Dominion Bank 71.07 CAD -0.11 -0.15%

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## Toronto-Dominion Bank's Q4 estimates

Bay Street expects the trend in Toronto-Dominion Bank's earnings to improve in the fourth quarter. According to their consensus estimates, the bank is expected to report earnings of \$1.27 per share in the fourth quarter — down 19.9% on a YoY (year-over-year) basis but better than its earnings of \$1.25 per share in the previous quarter.

In the third quarter of fiscal 2020, TD Bank reported a 30.2% YoY drop in its adjusted earnings. However, this YoY decline rate was better than its earnings fall of 51.4% in Q2 of fiscal 2020.

## Will retail sector performance improve?

COVID-19 has taken a massive toll on many industries, including the banking sector. Within the banking sector, the major banks' core banking operations have heavily suffered due to the pandemic. For example, Toronto-Dominion Bank's Canadian retail sector profits [worsened](#) by 33% in the last quarter, while its retail segment profits in the United States tanked by 48% YoY.

During its fourth-quarter earnings event, investors would keep a close eye on TD Bank's retail performance in the U.S. as well as in its home market.

## Eyes on wholesale segment

Another key factor that experts would be watching in TD Bank's upcoming earnings is its wholesale banking performance. Notably, the bank reported record net profits of \$442 million from its wholesale banking operations in the Q3 of fiscal 2020, as it jumped by 81% YoY.

That's the reason consistency in its excellent wholesale banking performance could boost investors' confidence and keep the rally in its stock going in the coming months.

## Foolish takeaway

Despite its sharp recent gains, Toronto-Dominion Bank stock is still trading within the negative territory on a year-to-date basis. In 2020 so far, it has lost 2.3% against 1.2% gains in the TSX Composite Index.

I expect TD Bank to report key improvements in its retail banking performance in the fourth quarter — along with a minor negative sequential change in its wholesale banking performance. If the earnings come in line with these expectations, you should definitely consider buying it.

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