TD Bank Stock Is Close to the Cheapest it's Ever Been This September

Description

September can be a pretty scary month for beginner investors. It marks the return of trading volumes and, with that, volatility. Undoubtedly, many of us have grown accustomed to minimal levels of volatility this summer. With ample liquidity and many dip buyers ready and willing to deploy capital on even the smallest of pullbacks, we've gone without a 5% decline in over 200 trading sessions.

Indeed, the lack of volatility has made every 0.5% down day feel like the start of something sinister. And every 2% cumulative drawdown has seemed like we've entered the early innings of a painful correction, or at least that's what the bears on the Street have been saying. They've been wrong — very wrong. And I think they'll continue to look foolish (note the lower-case *f*), as the broader markets look to finish the year with even more gains.

Many Canadian stocks are more than buyable this September!

Although it seems unwise to put money to work in time for volatility season, I'd argue that now is as good a time to put it as any, depending on your unique situation. Sure, September and October tend to be the "scariest" times to be invested in markets. And while they may mark the start of past market declines of prominence, I'd argue that the timing is mostly just a coincidence.

Could we be in for a September to remember?

Who knows? If you're standing on the sidelines with too much cash and want a place to defend against rising inflation, common stocks are the place to be.

The return of volatility and trading volumes are not necessarily a bad thing. For stock pickers, it's actually a good thing for those who can spot the bargains and ditch overvalued plays that are overdue for a correction.

In this piece, we'll have a look at one great Canadian stock that I wouldn't hesitate to buy (more of) this September.

TD Bank: A single-digit P/E for a premier name in the Canadian banking scene?

TD Bank (TSX:TD)(NYSE:TD) is one of those stocks that you should always watch. Whenever shares dip, you should seriously consider giving the Dividend Aristocrat a top-up. Undoubtedly, it's been a collective sigh of relief for the top Canadian banks over this past year and a half. Credit quality went from being clouded in a haze of pandemic-related uncertainty to being the best it's been in many years.

With provisioning on the descent and margins likely to rise over the next five years as a result of rising interest rates, I think investors are making a mistake by taking a raincheck on TD Bank, which is the cheapest Big Six bank based on trailing price-to-earnings multiple these days. After a post-earnings fumble (TD actually had decent results, but they weren't nearly as impressive as its peers), TD stock's juicy discount has narrowed. The stock trades at a ridiculously low 9.8 times earnings multiple, which suggests something is fundamentally wrong with the company or the industry environment.

The dividend yields 3.8%. As regulators give the green light for the banks to hike dividends again, TD's yield could easily swell north of the 4% mark. In the meantime, volatility could persist, as Canadians weigh implications of potential Liberal tax hikes targeted at Canada's top financial institutions. I think the jitters have been overblown and would look to back up the truck on TD before its price of admission rises on the back of some better earnings.

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