



Here's a Big Bank Bargain to Buy in September

Description

Don't let any bearish pundits on TV stop you from putting any excess liquidity to work on the [bargains](#) you see today in the midst of September. While there are many stocks that are overvalued, with the occasional bubble in some of the sexier areas of the market, there also exist pockets of undervaluation.

As in any market, there are bargains due for an upside correction and ridiculously overvalued stocks at risk of a downside correction. As such, stock pickers should not feel compelled to sit on their hands through September or October if they see a name on their radar that's trading at a price at or below what they'd be willing to pay.

Undoubtedly, investor sentiment feels a tad uneasy as we march into mid-September. Stocks have been in the red more than they've been in the green lately. Despite this, the S&P 500 is down just over 2%. Undoubtedly, the dragging market in the first half of September is not a great sign of things to come, especially as back-to-school season could bring forth a spike in COVID cases, even as Delta variant cases attempt to peak in the autumn.

Yes, there are risks ahead. But there may be nothing to fear this September and October season than fear itself. As such, stock pickers with the agility to scoop up the deals while trimming overbought names may have a good shot to outpace the markets heading into year's end.

In this piece, we'll have a look at a Canadian value stock that I think can give you the edge. Shares are worth buying right here, even as the correction warnings continue flowing in. Such calls are probably going to continue hogging the headlines until the next inevitable correction finally does hit, whether it's in a month, a quarter, or even a year from now.

Timing the market is a fool's (note the lower-case *f*) game. So, if you're ready to stock-pick your way to success, consider **TD Bank** ([TSX:TD](#))([NYSE:TD](#)), which seems like a glimmer of deep value in an otherwise questionably valued broader market.

TD Bank: A banking bargain on the TSX

TD Bank hasn't been the worst performer this year after surging just shy of 14% year to date. Still, one can't help but notice that TD stock's price-to-earnings (P/E) multiple has shrunk to 9.65. That's the lowest I've seen outside the depths of a crisis-driven selloff. After being outpaced by its Big Five peers, TD suddenly became the "cheapest" bank. And that's thanks in part to the latest underwhelming quarter clocked in by TD Bank as well as a stalling in the broader banking rally.

TD's last quarter was by no means abysmal. It was actually quite decent. Stacked up against its peers, though, the numbers were underwhelming, to say the least. The stock has been punished accordingly and is now one of the best bargains on the **TSX Index**.

If you're willing to hold the name through a quarter or two of relatively modest results, I think you could benefit from substantial multiple expansion over the next five years out, when rates begin to ascend once again.

Have TD's fundamentals changed for the worst after the COVID crisis?

Not noticeably. While there are medium-term headwinds to weigh, I think that all that changed in TD stock over the last two years is the price. I don't expect TD will remain the "[cheapest](#)" of the big banks for very long. So, if you're looking for a long-term core holding, look no further than the name. It's a balanced retail banking behemoth with U.S. and Canadian exposure, with a lot to gain once rates look to surge towards the mid-2020s.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. joefrenette

2. kduncombe

Category

1. Bank Stocks
2. Investing

Date

2025/08/22

Date Created

2021/09/15

Author

joefrenette

default watermark

default watermark