



## TD Bank Stock: Should You Buy the Dip?

### Description

Canadian [bank stocks](#) put together a banner year in 2021 after wading through a very challenging 2020. The top domestic financial institutions hugely benefited from a steep decline in provisions set aside for credit losses. Moreover, top banks were also bolstered by volume growth. Today, I want to zero in on **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) stock, the second-largest Canadian bank stock by market cap. Is it worth [buying on the dip](#) in April? Let's jump in.

### Why TD Bank stock has run into volatility in 2022

TD Bank stock has dropped 2.6% in 2022 as of close on April 11. Its shares are still up 15% in the year-over-year period. Investors anxiety has ramped up in the late winter and early spring of 2022. The Russia-Ukraine war sparked more instability in global energy markets. However, the promise of interest rate hikes is what is rattling markets right now.

Financial institutions and investors alike have gorged on historically low interest rates and broadly loose monetary policy over the past decade. Policymakers have been pushed into a corner due to soaring inflation. This may be the first aggressive and [sustained rate-tightening cycle](#) we have seen since the mid-2000s. That could spark instability, even for Canada's strong banking giants.

### Should investors be optimistic about TD and its peers?

This top bank released its first-quarter 2022 results on March 3. In Q1 2022, TD Bank reported adjusted net income of \$3.83 billion, or \$2.08 per share — up from \$3.38 billion, or \$1.83 per share, in the previous year.

The Canadian Retail segment posted net income of \$2.25 billion — up 11% from the previous year. TD Bank's Canadian Retail segment was powered by record revenues and lower provisions for credit losses (PCLs). This Canadian bank is renowned for its significant footprint in the United States, where it boasts one of the top retail banks.

TD Bank's United States Retail segment delivered net income growth of 27% to \$1.27 billion. Once again, this segment benefited from a big boost in revenue and a significant dip in PCLs.

A recent TD Economics report projected that this interest rate-hike cycle would be the fastest we have seen since 2005. The report urged caution from policymakers, as this sudden shift has the potential to seriously disrupt an economy that has been reliant on easy monetary policy for so long. In any case, TD Bank still looks very strong at the current juncture.

## TD Bank: Should you buy or sell today?

TD Bank stock last possessed a price-to-earnings ratio of 12. That puts this bank stock in favourable value territory compared to its industry peers. Moreover, this bank offers a quarterly dividend of \$0.89 per share. This represents a 3.6% yield. There are choppy waters ahead of TD Bank and its competitors, as the Bank of Canada gears up for its biggest policy move in over 15 years. Cautious investors may want to remain on the sidelines, as markets still look overheated at this stage.

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