



Canadians: Should You Buy TD Bank (TSX:TD) Stock on the Dip?

Description

Canada's top financial institutions put together a very nice rebound in 2021 after wrestling with complications due to the COVID-19 pandemic in 2020. When this year started, I'd [looked](#) at some of the best bank stock performers in Canada. Today, I want to zero in on one of the most valuable bank stocks in the country: **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). Is it worth snatching up on the dip in the first half of spring? Let's jump in.

TD Bank has been hit hard in April

Shares of TD Bank have dropped 1.5% in 2022 as of close on April 22. The bank stock has declined 6.1% in the year-to-date period. However, its shares are still up 10% from the same period in 2021.

Canadian bank stocks have been hit hard, along with the broader financial sector on the TSX. The Bank of Canada (BoC) moved forward with a 50-basis-point interest rate hike earlier this month. That was the largest single-day interest rate hike in 22 years. Meanwhile, the United States Federal Reserve is also pursuing aggressive rate tightening to combat surging inflation. Policymakers are in a very tough spot, which will almost certainly lead to more market turbulence this year.

Should investors be worried about the banking sector this spring?

The policy shift to tighten interest rates is not necessarily bad news for Canadian banks. Indeed, rising rates should bolster profit margins for institutions that carry massive loan portfolios. However, higher interest rates will also make it tougher to pull in borrowers, which could also limit or even hinder credit growth going forward.

TD Bank unveiled its first batch of 2022 results on March 3. It delivered adjusted net earnings of \$3.83 billion, or \$2.08 per diluted share — up from \$3.38 billion, or \$1.83 per diluted share, in the previous year. The bank's Canadian Retail segment delivered net income growth of 11% to \$2.25 billion. TD

Bank benefited from positive momentum, as the bank increased its loan and deposit volumes.

This bank possesses the largest U.S. footprint of its [Big Six peers](#). Net income in its U.S. Retail segment achieved 27% growth to \$1.27 billion. Like its Canadian Retail segment, it also benefited from improved deposit volumes.

TD Bank: Is it worth buying today?

Earlier this month, I'd [discussed](#) whether Canadian investors should look to buy the dip in TD Bank stock. Shares of this bank stock possess a solid price-to-earnings ratio of 11 at the time of this writing. TD Bank stock last had an RSI of 31. That puts this bank stock just outside of technically oversold territory. This bank stock last paid out a quarterly dividend of \$0.89 per share. That represents a 3.8% yield.

TD Bank remains one of the more desirable Canadian bank stocks, especially considering its encouraging U.S. footprint. However, Canadian investors should brace themselves for volatility in the near term. That means you may want to stand pat rather than buy the dip in late April.

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