



## My Favourite Big 6 Bank Stock Is a Buy Right Now

### Description

The big Canadian banks have taken a bit of a hit in recent months, sending most of them into correction territory (a 10% fall from peak levels).

With the Big Six recently clocking in their latest round of quarterly earnings results, it's the big Canadian bank stocks that have, once again, proven their resilience amid the latest barrage of volatility. Undoubtedly, growth and tech stocks have led the market selloff, but other sectors have also felt the shockwaves of the many interest rate hikes.

Central banks must pull the brakes on the hot economy to bring inflation back under control. While stagflation is a real possibility over the next year, investors need not fret, as stagflation doesn't tend to drag on over prolonged periods as a recession does.

### How will the big banks do as the Bank of Canada hikes?

Inflation ought to go down as economic growth grinds to a halt. Still, inflation can stay elevated for a brief moment, even as economic growth looks to contract. Indeed, it's a toxic combination for many. Hopefully, the U.S. Federal Reserve and Bank of Canada (BoC) can avert a disaster by making good on their promise to bring the fight against elevated levels of inflation.

As interest rates rise, the big banks will receive a nice boost to their margins. Still, an economic contraction could weigh on their growth prospects. Here in Canada, our big banks have held steadier than those south of the border. What makes Canada's banking giants more robust this time around? While a recession is still around the corner, it's Canada's heavy exposure to energy and materials (and light exposure to technology) that have the TSX Index's back this time around.

Knock the TSX for overexposure to energy, if you will, but in 2022, it's proven a relative strength. In simple terms, the recent pop in energy prices has given the Canadian market a stronger chin.

As rate hikes arrive, it's less likely that the TSX will not be knocked out or even rattled. If anything, alleviation of inflationary pressures could bolster the confidence of Canadian investors. Further, global

investors will begin to take notice of Canada as an intriguing place to invest as value and energy become seen in a positive light.

## TD Bank: A Big Six bargain to bank on after earnings

Currently, **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) stands out to me as a great bank to bet on after its 15% peak-to-trough drop. The big bank beat on earnings estimates in its second quarter. Though it was not outstanding versus its peers, given expenses were elevated, revenues were quite robust at \$3.8 billion, up slightly from the \$3.7 billion clocked in over the same period last year.

Moving forward, TD's managers will be busy integrating the First Horizon deal. The U.S. retail banking segment proved robust in the latest quarter, and it's only positioned to get even stronger moving forward, even as economic conditions fade slightly.

With the BoC ready to deliver outsized rate hikes for Canadians, TD also stands to experience a nice margin boost due to a higher sensitivity to rates. Indeed, TD is a retail banking behemoth, and the stock looks like a [bargain](#) at 12.04 times earnings, with its 3.7% yield.

### 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

---

2025/06/29

**Date Created**

2022/05/30

**Author**

joefrenette

default watermark

**default watermark**