



Toronto-Dominion Bank Begins the Year on a Positive Note

Description

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is making the right investments three weeks into the new calendar year as the stock continues to appease investors and analysts.

The Ontario-based financial institution recently raised its stake on **PepsiCo, Inc.** (NYSE:PEP), which could have an especially strong year among soft-beverage companies. The company has been at the forefront of the health trend over the last five years or so, rebranding its sugary beverages in order to appeal to a wider consumer base, while also releasing new products with lower calories.

Toronto-Dominion Bank increased its stake in PepsiCo by 45.4% during the fiscal third quarter in a filing with the Securities and Exchange Commission. The bank bought 34,344 shares, boosting its stake to a total of 110,045 shares. These shares were worth US\$11,984,000 (about \$15,950,584) at the end of the most recent quarter.

The soft drink giant is expected to announce earnings of \$5.08 per share in its next fiscal year. Additionally, the stock has a dividend of nearly 3% to go along with a strong growth that makes it an attractive buy; the company could potentially top estimates this year.

Toronto-Dominion Bank will benefit greatly from the rise of interest rates in the U.S., and Canadian banks across the board will benefit from the hike, but this institution is expected to be the biggest winner of them all. U.S. Fed rates will likely rise each year between 2017 and 2020 with rates rising in Canada in the fourth quarter of 2017.

Toronto-Dominion Bank will be especially happy to see this happen because it has 44% of deposits. Canadian banks with the most exposure will benefit the most from this rate hike. The company's net interest rate margins will be higher.

For its most recent quarter, the company is expected to report earnings of 96 cents per share, according to the Wall Street consensus estimate. This figure would top the 93 cents per share Toronto-Dominion Bank earned in its most recent three-month period.

The company is also bolstering its inner workings by promoting from within in the form of Christopher

Giamo, the new head of regional commercial banking. Giamo is a financial wiz; he rose quickly through the ranks, joining the bank in 1998 as the head of its middle market lending group in New Jersey.

He had various roles aiding the company's commercial and retail banking. Eventually, he became the company's regional president of its New York Metro region, using a risky but effective growth strategy that opened more than 250 Toronto-Dominion Bank locations.

The bank recently announced a dividend offering of almost 41 cents per share to be issued on January 31. This marks a \$1.63 annualized dividend to go along with a strong dividend yield of 3.18%. Sixteen research firms are covering TD stock to the tune of a "Buy" rating on a consensus basis with an average price target of \$65.75.

Toronto-Dominion Bank is banking on a strong 2017 with smart investments, progressive hires, and growing interest rates in the U.S. that will benefit the company throughout Donald Trump's presidency. Add a strong dividend yield to the mix, and there's reason to believe that the bank will pay off in 2017 and beyond.

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