



1 Simple Reason Enbridge Inc Shares Are Set to Soar

Description

Enbridge ([TSX: ENB](#))([NYSE: ENB](#)) shares have been fairly range-bound in the past few weeks after rallying to a 52-week apex following a strong Q2 earnings report. However, the stock is unlikely to stay in limbo for long with another catalyst right around the corner.

Enbridge's main business is transporting energy. The company operates the world's longest crude oil and liquids transport system, but it's the company's natural gas assets that could push the stock higher in the coming months.

Enbridge has ownership in natural gas pipelines covering approximately 24,000 kilometres. It also owns 14 processing plants, two treatment plants, one fractionation facility, and 14 compressor stations in North America. The company owns Canada's largest natural gas distribution company and is increasing its natural gas transmission and midstream businesses.

Natural gas set to see seasonal boost

Natural gas is a seasonal commodity with producers supplying essentially a level amount of natural gas throughout the year, and putting the excess into storage that is consumed during peak demand seasons. In North America, the highest demand season is the winter when utilities consume more natural gas to generate the electricity that's needed to heat homes. While demand also increases in the summer due to rising air conditioning use, generally the changes are not as pronounced as they are in the winter.

The result is a seasonal fluctuation in gas prices, with prices generally climbing in the fall and peaking in the winter, and then falling in the spring. These fluctuations can be quite volatile, as consumers are reliant on gas that is in storage and not a consistent stream of supply. If you look at historical charts of natural gas prices over the past 20 years, they have consistently started to ascend in September.

Last winter was a challenging one for natural gas, with record-setting cold snaps testing North America's ability to deliver natural gas to consumers. As a result, natural gas prices set records and many natural gas producers reaped the benefits. While weather is not something that we can predict with 100% accuracy, we know from studying history that natural gas prices are about to ascend, and

who better to benefit from this than Enbridge.

The company is currently pursuing new opportunities in gas-fired power generation in Ontario and is looking into expanding its natural gas storage facilities. The company's current natural gas assets and its vocalized strategy to expand that line of its business positions the company to capitalize, sentimentally and fundamentally from rising natural gas prices during peak demand season.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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