



## Retirees: 2 Top Income Stocks That Still Look Cheap

### Description

The stock rally has wiped out most of the dividend deals that were available earlier this year, but some names still look attractive.

Let's see why **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **Inter Pipeline Ltd.** (TSX:IPL) might be solid picks right now.

#### Enbridge

Enbridge took a hit last year as investors fled the name on worries the oil rout would trigger a slowdown in demand for new pipeline infrastructure.

The concerns have merit in the short term, but the sell-off was overdone, and bargain hunters have picked up some nice gains over the past six months.

Enbridge isn't an oil producer; it simply transports oil and gas liquids from the point of production to the end user and charges a fee for providing the service.

As a result, the concern for investors isn't the price of the commodity, but rather the throughput moving along the network. In fact, changing oil prices directly impact less than 5% of Enbridge's revenue.

Enbridge's core clients are large, stable companies with long-term contracts. Oil prices are down, but producers are still cranking out crude, and Enbridge is seeing strong traffic on its system. The liquids mainline actually delivered record volumes in Q1 2016.

Regarding new infrastructure, Enbridge has \$18 billion in projects on the go that should be completed over the next three years. As the new assets go into service, revenue and cash flow are expected to increase enough to support annual dividend growth of at least 8%.

Investors who buy now get a 3.9% yield and a shot at some additional gains in the stock price when the energy sector turns the corner.

## Inter Pipeline

Inter Pipeline lies in the shadows of its larger peers, but investors shouldn't ignore the stock.

The company has a diversified revenue stream coming from natural gas liquids extraction facilities, oil sands and conventional oil infrastructure, and liquids storage operations.

As with Enbridge, Inter Pipeline's stock took a hit last year, but the company continues to perform very well.

Funds from operations in Q1 2016 were up 5% compared with the same period last year and further revenue growth is expected as new assets come online later this year and in 2017.

Inter Pipeline raised its monthly dividend to 13 cents per share last November. The stock has a strong history of distribution growth, and the current payout ratio of less than 75% suggests there is more room for additional hikes.

Investors who buy the stock today can pick up a solid 5.7% yield and should see the ticker drift higher on the back of a recovery in oil prices.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

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2. TSX:ENB (Enbridge Inc.)

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### Date

2025/09/22

### Date Created

2016/07/08

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