Dividend Investors: Should You Buy BCE Inc. or Enbridge Inc. Today?

Description

Canadian dividend stocks have taken a hit in recent weeks, and this is providing income investors with a chance to get in at attractive prices.

Let's take a look at **BCE Inc.** (TSX:BCE)(NYSE:BCE) and **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) to see if one is more attractive right now.

BCE

BCE continues to deliver steady results in a challenging economic environment.

The company reported Q3 year-over-year operating revenue growth of 1.2%. Cash flow from operating activities rose 3.5%, and the business squeaked out a 1.1% improvement in net earnings.

BCE added 135,000 net new customers in the quarter compared with last year; it had solid gains in wireless, internet, and TV subscriptions.

Over the past several years BCE has built an impressive media division to complement its world-class wireless and wireline operations. The move initially had long-term investors concerned the company was getting away from its core strengths, but the media group is starting to deliver decent results.

Revenue from the group rose 3.5% compared with last year, despite challenging times in the advertising market. The Crave TV service helped drive revenue higher as it topped one million subscribers in the quarter, and BCE's move to make The Movie Network a national pay TV service is paying off.

The beef against BCE is the fact that is trades at a premium to its historical average. That presents a risk if interest rates start to drift higher, and the strong upward move in bond yields in the past week demonstrated this by causing an exit out of utility names.

At this point, the sell-off probably presents a buying opportunity for dividend seekers who want a buy-and-hold pick with a rock-solid 4.8% yield.

Enbridge

Enbridge is in the middle of a massive takeover that will make the company the largest energy infrastructure business in North America.

The company is spending $37 billion to acquire **Spectra Energy** in a deal that adds significant natural gas assets as well as $10 billion in commercially secured development projects.

This brings Enbridge’s near-term development portfolio to $26 billion, which is important for investorsto consider when evaluating pipeline companies in the current environment.

As these assets are completed and go into service, Enbridge plans to raise the dividend by at least 10% per year through 2024. This means investors will see solid distribution growth even as the energy sector works to get back on its feet.

Enbridge’s dividend currently yields 3.8%.

Is one a better bet?

Both stocks are attractive long-term dividend picks. BCE offers a better yield, but I think Enbridge’s dividend growth will probably outpace BCE’s over the medium term, so I would go with the pipeline company today as the first choice.

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