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

Description

The recent sell-off in dividend stocks is giving income investors a chance to pick up some of Canada's top companies at attractive prices.

Let's take a look at **Enbridge Inc.** (TSX:ENB)(NYSE:ENB) and **BCE Inc.** (TSX:BCE)(NYSE:BCE) to see if one deserves to be in your portfolio right now.

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Enbridge

Enbridge is in the process of buying **Spectra Energy** for $37 billion.

The deal will create an energy infrastructure giant with oil and gas assets spread out across Canada and the United States.

Enbridge is making the move in response to weak conditions in the energy sector and strong public opposition to major pipeline developments.

While the mega-projects remain under pressure, Enbridge and Spectra have $26 billion in combined commercially secured smaller projects under development. As these assets are completed and go into service, Enbridge expects cash flow to increase enough to support annual dividend growth of at least 10% through 2024.

In 2017 alone, the company says it will raise the payout by 15%.

Oil companies are still struggling, but the recent decision by OPEC to restrict production could be the beginning of a broader recovery in prices. If that's the case, demand for new infrastructure could ramp up in the next couple of years.

Enbridge currently offers a yield of 3.8%.

BCE

BCE is Canada's dominant communications firm with state-of-the-art wireline and wireless networks spanning the country. The company also has a large media division, which includes sports teams, a television network, specialty channels, and radio stations.

When you combine the network infrastructure with the media assets you get a powerful business that interacts with most Canadians on a weekly, if not daily basis.

Think about it.

Every time a Canadian sends a text, calls a friend, downloads a song, streams a movie, listens to the weather report, or watches the news, the odds are pretty good that BCE is involved somewhere along the line.

Fears about rising interest rates have triggered a shift out of telecoms and utilities, and BCE is now down about 10% from its 2016 high. At this point, the market might be overreacting, and that is presenting an interesting opportunity to buy the stock.

BCE remain remains one of the safest dividend payers in the country, and investors who buy today can pick up a juicy 4.8% yield.

Is one a better bet?

Both stocks are attractive income picks.

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If you simply want the highest yield, go with BCE. If you are willing to ride out a bit more energy volatility, Enbridge likely offers better dividend-growth and capital gains prospects over the medium term.

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BCE (BCE Inc.)
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