



## Enbridge Inc. and Fairfax India Holdings Corp. Q3 Results Disappoint: Should You Steer Clear of Both?

### Description

The S&P/TSX Index has held above the 16,000 mark. Many top Canadian equities have boomed since the beginning of September, but today we are going to look at two that have dipped in late October.

#### Enbridge Inc. hits a new low in 2017

Shares of Calgary-based multinational **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) have fallen 10.1% month over month as of close on November 3. The stock has declined 17% in 2017 and 15% year over year. In a [late October article](#), I targeted a number of Canadian energy companies for investors to look at in the midst of a rally in oil prices. However, I did not include Enbridge, as its growth potential has looked increasingly suspect this year.

Enbridge released its third-quarter results on November 2. The company reported net earnings of \$765 million, or \$0.47 per share, compared to a \$103 million loss in the previous year. Investor sentiment nonetheless took a hit due to anxiety surrounding the ongoing Alberta-to-Wisconsin Line 3 pipeline replacement. CEO Al Monaco assured shareholders in the conference call that the project was progressing well in spite of the bitter fight with Minnesota regulators.

The Minnesota Department of Commerce ruled in September that Enbridge had not successfully established the need for the replacement. The company has also faced protests from a variety of groups in the state putting increased pressure on the future of the project. Enbridge leadership declared a quarterly dividend of \$0.61 per share, representing a 5.2% dividend yield.

#### Fairfax India Holdings Corp. posts third-quarter disappointment

**Fairfax India Holdings Corp.** ([TSX:FIH.U](#)) stock declined 4.73% on November 3 a day after the company announced its third-quarter results. According to its corporate profile, the company seeks to achieve long-term capital appreciation by investing in “public and private equity securities and debt instruments in India.”

In its third-quarter results, Fairfax India Holdings posted a net loss of \$53.2 million compared to net

earnings of \$66.4 million in Q3 2016. The company took a hit due to lower unrealized net gains on its core investments and due to costs from its Bangalore International Airport Limited purchase.

The International Monetary Fund (IMF) downgraded GDP growth for India in 2017 and 2018 in early October. I [detailed](#) this development and how it could be cause for concern for the stock going forward. Many of the economic concerns in India are systemic, and the Modi government is under fire for stifling growth and small business with its new reforms.

### **Should investors stay away from both?**

Investors seeking income can still justify adding Enbridge to their portfolios at its current price. Its Line 3 project continues to face hurdles, but leadership is confident that the company will be able to overcome regulatory resistance.

Fairfax India Holdings has been an impressive growth stock for years, and even with the recent IMF downgrade, India is still projected for impressive growth in 2018. The company could be an attractive add after a difficult third quarter.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

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

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
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