



## Enbridge Inc. vs. Bank of Montreal: Which Top Dividend Stock Would I Buy Today?

### Description

Canada's utilities and banks offer a solid avenue to income investors to earn steadily growing returns. That's the reason you would find these names in many top-performing funds that aim to grow income portfolios over time.

**Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) stand out among this group of top dividend payers. But which of these companies is the better buy today? Read on to find out.

### Enbridge

If you are seeking a stable dividend stock that regularly hikes its payout, then [Enbridge](#) should be on your buying list. North America's largest pipeline operator has a history of more than six decades of delivering regular payouts.

Over the past 20 years, the dividend has grown at an average compound annual growth rate of 11.7%. For the next three years, the company plans to grow its \$2.68-a-share yearly dividend by 10% each year.

But there is no investment in the world that comes risk-free. Enbridge stock has been under pressure during the past 12 months on concerns that the operator has accumulated too much debt following its \$37 billion acquisition of Spectra Energy last year.

As the interest rate cycle reversed in North America, investors shunned utility companies, which borrow heavily from the market to fund their expansion. Enbridge has close to \$30 billion of development programs in the pipeline and more than \$60 billion debt on its balance sheet.

Despite these setbacks, I think Enbridge's 6.63% dividend yield is too attractive to ignore. The company plans to sell about \$10 billion of assets to cut its debt load and improve its standing. Trading at \$40.49 after falling 19% this year, Enbridge has become an attractive buy for long-term investors.

## BMO

BMO is a great buy-and-hold stock for investors building their retirement income. The lender has sent dividend cheques to investors every single year since 1829 — one of the longest streaks of consecutive dividends in North America.

With a dividend yield of ~3.9%, [BMO stock](#) pays a \$0.93-a-share quarterly dividend. This payout has increased with an ~8% compound annual growth rate with a manageable payout ratio of 50%.

With strengthening Canadian and U.S. economies, the outlook for banking stocks remains favourable. In the first-quarter earnings report, BMO showed strong growth from its U.S. operations. Profit surged 24% to \$310 million thanks to the improving U.S. returns as well as stronger commercial loan growth.

During the past five years, investors who'd bought and held BMO stock made more than 50% in total returns. This return may not look too exciting to some investors, but remember, you're investing in a mature company with a manageable risk.

### Which stock is a better buy?

I like both stocks due to their growing dividends and the leading position in their sectors. I would go for a 50-50 split if I have some spare cash to invest today.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

## TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:ENB (Enbridge Inc.)

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**Date**

2025/07/04

**Date Created**

2018/04/20

**Author**

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