



## Enbridge Inc. (TSX:ENB): Get Ready for a Massive Upside Correction

### Description

I've been pushing **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) stock [pretty hard of late](#). It's one of the few stocks that appears to be a too *good to be true* value trap on the surface, but digging deeper into the company's recovery strategy, I think the risk/reward trade-off is incredibly attractive and could allow income investors the opportunity to lock-in a massive dividend (currently yielding 5.7%) to go with a potentially sharp upside correction.

The stock finally showed signs of life, surging 7% in a single trading session after receiving a "modified certificate of need" from the Minnesota Public Utilities Commission (MPUC) with regard to its Line 3 Replacement.

What exactly does a modified certificate of need imply? Enbridge will need the consent of landowners in order to keep the existing Line 3 pipeline in place.

Pending further unforeseen regulatory roadblocks or civil protesters, it looks like the Line 3 replacement is in fact good to go, which is great news for Enbridge, as the replacement will serve as a major medium-term catalyst that may propel the stock out of its current funk.

I think the 7% rally in Enbridge shares following the official approval from MPUC is warranted and could well be the start of a sustained rally to much higher levels as the doubt cast on the sustainability of the company's dividend gradually begin to fade.

While there is an exorbitant amount of debt on Enbridge's balance sheet, promising growth projects on the horizon, I believe, will be more than enough to give [future free cash flows a major boost](#) such that the dividend will not only be sustainable, but will also likely see more double-digit percentage dividend hikes after the 10% increase promise concludes after 2020.

Even after the rally, Enbridge remains severely undervalued and could be on track to soar past \$60 over the next year or so. Growth and income investors should take notice before the stock corrects to the upside in order to bring the valuation more in line with what's realistic. Enbridge is in a prime growth position as the oil sands gradually become more economical with advancements in each firm's respective extraction process.

As the taps turn on, Enbridge will be there to answer the call and investors will be able to rely on the stock as a means of obtaining both capital gains, dividend growth and a high upfront yield once again. I find it highly likely that come 2020, Enbridge will regain its status as a market darling through the eyes of income growth investors.

Stay hungry. Stay Foolish.

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