



Better Dividend Stock to Buy in July: Enbridge Inc. (TSX:ENB) or Hydro One Ltd. (TSX:H)?

Description

After rallying in April and May, the S&P/TSX Composite Index has stuttered, as [trade tensions have provoked anxiety](#) in investors. All three major U.S. indexes have also suffered amid the uncertainty. There is now a very real possibility that President Trump could move to [impose tariffs on autos](#) in the United States, which could lead to further retaliation by its major allies.

Today, we are going to focus on two dividend stocks that have bucked this trend and performed well over the past month. Both boast an attractive dividend but are facing challenges that have given investors pause in recent years. Which one is the better buy in July? Let's dive in.

Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#))

Enbridge is the largest energy infrastructure company in North America. Shares of Enbridge were down 6.2% in 2018 as of close on July 5. The stock was down double digits over the past year. However, over the past month, Enbridge stock has surged over 10%. Can investors expect this momentum to continue into the second half of 2018?

Enbridge stock has capitalized off solid first-quarter results, a big regulatory win in late June, and positive movement for oil and gas prices. Adjusted earnings per common share rose to \$0.82 in the first quarter compared to \$0.57 in Q1 2017. On June 28, Minnesota regulators approved the Enbridge Line 3 replacement project. It was approved by all five members of the Public Utilities Commission, with some voicing reservations. Enbridge stock surged on the news.

The company has also benefited from solid momentum for oil and gas prices in the aftermath of an OPEC agreement that will see the Gulf nations and Russia ramp up production. Enbridge hiked its dividend by 10% which represents the 23rd consecutive year of dividend growth. The stock offers a quarterly dividend of \$0.671 per share, or a 5.5% dividend yield.

Hydro One Ltd. ([TSX:H](#))

Hydro One stock climbed 3.7% over the past month as of close on July 5. Shares have responded well

following the contentious Ontario election. This may come as a surprise to some investors, as new premier Doug Ford vowed to pursue the firing of Hydro One CEO Mayo Schmidt. Ford took office on June 29 and has yet to broach the topic.

Hydro One released positive first-quarter results on May 15. It made strides in its pursuit of regulatory approval in the U.S. for the acquisition of **Avista Corp.**, which will bring over 700,000 U.S. customers under Hydro One's umbrella. Net income rose to \$222 million compared to \$167 million in the prior year, and adjusted earnings per share climbed to \$0.35 over \$0.28 in Q1 2017.

Hydro One also hiked its dividend by 5% to \$0.23 per share, which represents a 4.4% dividend yield.

Which dividend stock should you go with?

Enbridge is an enticing pick up after its regulatory win in Minnesota. It boasts a superior dividend, and high oil prices should provide a tailwind in the second half of the year.

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