



Why Enbridge Inc. (TSX:ENB) Stock Is up 9% This Month

Description

The price of **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) has risen 9% over the past month and 20% since April 25.

While the latest surge in Enbridge has been [eagerly anticipated by many](#), there is good reason to believe that there may still be a good opportunity left in the company's shares for those who missed out on the latest rally.

Until earlier this spring, the price of Enbridge stock had fallen by 42% at one point from its all-time high just below \$50 late in 2014.

Softness in energy markets, a transformative acquisition that — in the view of some — put the pace of future dividend increases at risk, and, more recently, concerns over the future of the company's Line 3 Replacement project cast doubts as to whether Canada's largest energy infrastructure company would be able to maintain the pace of growth that investors have become accustomed to.

Yet in recent months, most, if not all, of those fears have fallen by the wayside.

Energy markets are firmly entrenched in recovery mode with the price of West Texas Intermediate Crude (WTIC) currently approaching the US\$70-per-barrel threshold.

Meanwhile, [recent assets sales](#) have freed up billions of dollars of capital that will be used to pay back debt associated with the company's acquisition of Spectra Energy and fund future dividend increases.

In fact, Enbridge's CEO Al Monaco went on record earlier this year, stating that the company expected to be operating at or near full capacity for the rest of the year and into 2019 and beyond.

Those expectations have helped to add credibility to the company's promises to increase its payout to shareholders by 10% annually over the next two years.

And since Monaco made that statement, the company has been the beneficiary of another positive development related to the aforementioned Line 3 Replacement project.

The Line 3 Replacement project will be the largest infrastructure project undertaken ever in the company's history and is expected to add 375,000 barrels per day of export capacity into U.S. markets by the time it comes online in either late 2019 or early 2020.

On June 28, Minnesota regulators announced they had approved a slightly modified version of the company's proposed pipeline that would transport crude liquids from Alberta and through North Dakota and Minnesota to Enbridge's terminal facility located in Wisconsin.

It's existing Line 3 pipeline is only running at half capacity right now, and the replacement project will effectively double its production.

The day the Minnesota courts announcement was made, Enbridge stock shot up by as much as 6% at one point and has gained another 5% since then.

Don't miss your chance

Despite the latest surge, Enbridge stock still yields investors a 5.91% yield.

That's well above the yield that the shares have historically paid shareholders, and after taking into account forecasted increases of 10% annually over the next couple of years, Enbridge stock appears to be a great investment for dividend investors.

Analysts' consensus price target for Enbridge is currently \$52 for the Canadian-listed shares, representing 15% upside from Friday's closing price.

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jphillips

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