Is Now the Time to Be Pushing “All-In” on Enbridge (TSE:ENB) Stock?

Description

Shares in **Enbridge Inc** (TSE:ENB)(NYSE:ENB) have shot up more than 16% so far in January.

But does that help – or hurt – the case for going all in on the shares of Canada’s largest energy infrastructure company these days?

Even after this month’s surge, the ENB stock is still yielding investors a very respectable 6.16% annual dividend yield.

For those who may be less familiar with the market averages, that yield is considerably higher – nearly three times higher in fact – than the average yield you’ll find on most **S&P 500 stocks**.

When you consider management’s fairly aggressive plans to hike the companies at least a couple more times over the next few years, the yield only starts to look more attractive.

Enbridge is backed by some pretty large “take-or-pay” contracts with some of the country’s largest energy names.

With these take-or-pay contracts, Enbridge’s customers have basically already committed to a certain level of payment regardless of whether they actually use the Enbridge pipelines or not.

So the dividend looks pretty solid, but do you go all in right now?

Personally, I wouldn’t.

I like the company long term, after all it plays a key role in our country’s economy, so you can probably rest assured that it won’t be flying off the radar anytime soon.

But almost for those exact same reasons I would tend to “average in” on a company like this, potentially even following a standard dollar-cost averaging approach.

Over the next 10 years, I feel pretty confident in the direction of Enbridge stock, but I don't look at the shares as being something I need to be jumping all over.

Back at the beginning of 2016, Enbridge shares were trading for at one point under $35 on the TSX, and last year they dipped below $40 for a short period.

So while I don't have a crystal ball in front of me (I wish I did!), I'm willing to play the patience game with this one right now.

For investors who aren't so concerned about quarter-to-quarter earnings reports and monthly swings in the value of their portfolios, maybe it makes sense to initiate or even add to a position in the company right now in order to take advantage of the 6.15% yield while planning to continuously add to the position as the company's plans for future dividend increases becomes clearer.

Enbridge is a great Canadian company no question, and as an investment, it has performed extremely well for Canadians over the years.

I'm just not sure that you won't be able to find something else better out there that will be a bit timelier in terms of generating capital gains for your Tax-Free Savings Account (TFSA) or even your registered retirement account.

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