Recession Investors: Enbridge (TSX:ENB) Stock Is Your Frontline Defence

Description

After the American yield curve inverted, pundits have been eyeing the threat of a recession south of the border with increasing alarm. With some of the biggest names in Canadian banking dangerously exposed to the U.S. market, should investors then be turning to other industries for safety?

This ubiquitous stock should prove recession-proof

Let's take a closer look at one of the most defensive oil and gas stocks on the TSX index and see why it should be central to a recession investor's arsenal. **Enbridge** (TSX:ENB)(NYSE:ENB) is one of the largest energy producers, distributors, and transporters in North America, with a pipeline network that comprises the Canadian Mainline system, as well as smaller oil sands networks, plus natural gas systems.

Consumers may know Enbridge best, though, as a natural gas utility company and the country's most important natural gas distributor. The average growth investor is probably already well aware of this stock, with shareholders likely to be well served in years to come, with a hefty over 30% analyzed growth in earnings ahead.

There's something for the strictly "ethical" investor in Enbridge's power generation system, too, as it generates a considerable 2,000 megawatts solely from renewable and alternative energy sources. Indeed, with this mix of low-impact energy sources, Enbridge would be a good recommendation for the climate-focused millennial or Gen Z investor.

Enbridge's share price is largely unchanged in the last five days at the time of writing, constituting an improvement after a hard week for the Canadian oil and gas industry's top stocks. Its one-year returns of 19.4% beat the industry for that period, showing that this generous dividend payer is a front runner in its field, and more than capable of rewarding any investor holding it a portfolio, TFSA, or RRSP.

Should you buy one of Enbridge's closest competitors?

Like Enbridge, **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) can show that it is capable of outperforming the oil and gas industry now and then, with three-year returns of 11.4% that beat that period's average of just 1.1% among the competition. However, its market ratios are above the industry averages at the moment, so good value for money is not its strong point right now.

Canadian Natural Resources has a so-so balance sheet at the moment, with a level of debt that has increased over the last five years, though it's adequately covered by operating cash flow. A 4.04% dividend yield is the main reason to buy, while a 15.8% expected annual growth in earnings shows that a positive future awaits over the next one to three years. Indeed, as far as Enbridge's competition goes, this stock has to be one of the best.

The bottom line

A 6.07% dividend yield compounds Enbridge's shining stats to make for a solid buy right now for oil and gas bulls, and for anyone looking to hide their money ahead of a recession while making some assured passive income with a stock portfolio. Canadian Natural Resources is a good alternative, while true bulls may want to consider stacking shares of both companies for a powerful one-two defensive attack.

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