



Income Investors: Should You Buy Enbridge or Hydro One Today?

Description

Investors on the hunt for dividend stocks in 2019 have some nice choices. Central banks have turned sharply dovish this year in response to broader economic pressures. This has boosted some income-yielding equities, while other sectors have suffered.

Today I want to look at two of the top dividend stocks on the **TSX**. Let's try to figure out what the most reliable play is right now.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) has been a consistent draw for investors seeking income on the TSX, which should come as no surprise. The energy infrastructure giant boasts a wide moat and has delivered years of dividend growth.

The company's most recent dividend hike makes it 23 consecutive years of dividend increases, putting it in the top 15 TSX-listed stocks in that category.

Its long history of dividend growth blends nicely with its high yield, though there are [heavier hitters](#) in that regard available to income investors with more risk tolerance.

Oil price volatility has hurt the energy sector in recent weeks, and Enbridge's stock price has not been spared. Shares have dropped 4.5% in a three-month span as of close on July 22.

Oil prices slipped into a bear market in early June, so those on the hunt for bargains should keep their eyes on energy equities. Enbridge last paid out a quarterly dividend of \$0.738 per share, which represents a tasty 6.3% yield.

Hydro One

Hydro One ([TSX:H](#)) is a utility that possesses a monopoly in the province of Ontario. Shares of Hydro

One had climbed 16.8% in 2019 as of close on July 22. Utilities, telecoms, and other stable income-generating equities have performed very well amid a shifting rate environment.

Central banks turned dovish in late 2018. The Bank of Canada has yet to inch down on rates in 2019, but a move south is expected by the beginning of 2020.

Stocks like Hydro One are more attractive to income investors as bond yields suffer a sharp retreat. The softened rate outlook should keep investors' faith in Hydro One and other utilities.

Hydro One was pushed out of its **Avista** acquisition by US regulators, but this improved its balance sheet dramatically. The company also has a wide moat, and its improved cash position is good news for those [watching its dividend](#).

The company last boosted its quarterly dividend to \$0.2415 per share, which represents an attractive 4.1% yield at the time of this writing.

Which is the better buy today?

Enbridge has the higher yield and the longer history of dividend growth, but income investors should not sleep on Hydro One. The company has announced dividend hikes in 2017, 2018, and now 2019.

This is an impressive track record since announcing a dividend payment in 2016. More than anything, macro conditions have me betting on Hydro One right now. A soft rate environment is a great sign for the utility's price point going forward.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:H (Hydro One Limited)

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