



Should You Buy Enbridge (TSX:ENB) Stock Ahead of Earnings?

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is expected to release its quarterly results later this week. And with the stock struggling lately, investors might be wondering if it's a good bet to load up on it before the release of its latest results.

Entering the week, Enbridge was trading at around \$44 a share — the lowest it has been since the beginning of the year. While there hasn't been anything negative recently that has taken place that should have resulted in the stock price falling lower, it's an example of just how fragile oil and gas stocks have been lately.

Why weakness could make Enbridge a good buy

One of the reasons Enbridge's stock could be an attractive buy is that the risk heading into earnings may be minimal. With the stock struggling and around a seven-month low, it's less likely for the share price to drop even further. And while it's certainly not a guarantee that it won't happen, Enbridge has generally seen strong support at around \$44 a share.

It would have to take something very bad for the company to send the stock into more of a tailspin. We've already seen **Suncor Energy** get a big boost in its bottom line thanks to a change in the tax rate in Alberta, and Enbridge is going to benefit from that change as well.

However, investors can't rely on that in being able to help the stock since that's already expected. Instead, it'll be news around pipelines and where the company expects it will be on those issues in the future that could play a much bigger role.

The [Line 3 pipeline](#) has been a big headache for the company, and it's the politics around pipelines that will have a much longer-term impact on Enbridge than anything else. As good as its earnings may be this quarter, the markets are all about expectations for the future, and so unless Enbridge can demonstrate why its future might be a bit brighter, there may not be a big jump as a result of a strong earnings performance anyway.

After all, Enbridge has generated strong results in recent quarters, and that has done little to drive momentum for the stock. If construction on the [Trans Mountain](#) pipeline is able to finally get started and we see some tangible evidence that the industry is making some progress on pipelines, that could be what finally gives the stock a much-needed boost.

Bottom line

Investors shouldn't be expecting to see a strong rally whether or not Enbridge has a good result. However, with the stock showing some weakness, it makes for a very appealing buy given that it pays a great dividend and that it could be a good price to buy and hold on to the stock for the long term.

Enbridge is a good stock to invest in and, unfortunately, it's been weighed down by the lack of hope investors have had for the oil and gas industry going forward. And until that changes, Enbridge's stock price is likely going to have a hard time finding a way to rally. Long term, however, it could prove to be a very good investment to build your portfolio around.

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Date

2025/07/04

Date Created

2019/07/31

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