



2 of the Best Canadian Pipeline Stocks for New Investors

Description

From a top acquisitions target that could reward investors snapping up shares at the last minute to one of **Enbridge's** main competitors in the midstream space on the TSX index, there are some nicely valued stocks in the energy sector at the moment.

After some time in the doldrums, it seems that midstream stocks are starting to come back into favour again. Today, we will take a quick look at two of the best Canadian pipeline stocks that belong in a new dividend portfolio.

A speculative play for a potential takeover target

Headquartered in Calgary, **Inter Pipeline** (TSX:IPL) is a major liquid fuel transport and infrastructure partnership that can be counted among the [top North American natural gas operations](#).

Investors like it for its defensive size. The midstream company is one of Alberta's top hundred businesses in terms of profitability. Small wonder, then, that it's ownership is currently being pursued by a would-be buyer — though Inter Pipeline asserts that it's not negotiating.

The stock soared by almost 10% when *The Globe and Mail* let the cat out of the bag that an offer for Inter Pipeline had been put forward.

Inter Pipeline was quick to respond, stating that it “received an unsolicited, non-binding, conditional and indicative proposal to purchase the company,” but added, “it is not in negotiations with any third party, nor is there any agreement, understanding or arrangement with respect to any such transaction.”

An ambitious company with heaps of upside potential

Pembina ([TSX:PPL](#))([NYSE:PBA](#)) is certainly a compelling choice of the midstream stocks trading on the TSX, and there's at least one reason why it beats its main competition, Enbridge.

In essence, Pembina has had less impediments in its [far-reaching Peace Pipeline initiative](#) than Enbridge has famously suffered of late in its own pipeline projects. Pembina set an expansion in motion earlier this year, with Phase VIII bringing the company closer to completing a fully comprehensive fuel-transport network.

Pembina's chief executive officer and president, Mick Dilger, said at the time: "Our strategic footprint continues to provide opportunities to complete staged expansions, enabling us to deliver timely and reliable transportation service solutions for our customers."

It's this kind of reliability and control over its own projects that perhaps makes Pembina a more encouraging choice in the midstream space than Enbridge, even with the latter company's vast economic moat. With Pembina developing the Prince Rupert Export Terminal and a proposed petrochemical plant adjacent to its complex at Redwater, all systems are go, with a lot of growth potential on the way.

Inter Pipeline's dividend yield is one of the highest on the TSX, at a massive 7.05%. While investors may be concerned that this is unsustainable, especially in light of a potential takeover, capital gains investors are eyeing a significant boost from recent news with a +13% boost over the past five days.

Meanwhile, Pembina is paying a tasty 4.95% yield at the current valuation, trading at twice its book price.

The bottom line

Inter Pipeline and Pembina are perhaps the two top midstream stocks that are doing the most to make pipelines an intriguing segment of the TSX again. Pembina looks like the safest play for long-term investors new to the TSX, with its well-covered distribution and far-reaching projects in the pipeline.

CATEGORY

1. Energy Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Energy Stocks
2. Investing
3. Stocks for Beginners

Date

2025/09/02

Date Created

2019/08/13

Author

vhetherington

default watermark

default watermark