



Should You Buy Enbridge (TSX:ENB) or Nutrien (TSX:NTR) Stock?

Description

The pullback in certain sectors of the stock market is giving investors an opportunity to pick a few [top stocks](#) at attractive prices.

Let's take a look at **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) and **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) to see if they might be interesting picks right now for a self-directed portfolio.

Enbridge

Enbridge is a giant in the North American energy infrastructure industry with a network of gas and liquids pipelines that serve an essential role in moving hydrocarbons across Canada and the United States.

In fact, Enbridge transports roughly 25% of the crude oil produced in the two countries and 20% of the natural gas that is used by homes and businesses in the United States. The utility division serves 3.7 million retail customers, and Enbridge has power operations that generate 1,600 MW of renewable energy in North America and Europe.

Enbridge reported Q2 2019 adjusted earnings of \$0.67 per share compared to \$0.65 in the same period last year and confirmed its target distributable cash flow (DCF) for 2019 of \$4.30-4.60 per share.

The company added \$2 billion to its development portfolio in the quarter and announced plans to move ahead with the first of four offshore wind farms in France. The total project backlog is now about \$19 billion, of which \$9 billion is part of the Line 3 Replacement Project.

Line 3 has run into delays that could increase the total cost of the project, but Enbridge doesn't expect any additional expenses to be material to its outlook or financial position.

The stock traded as high as \$65 per share in 2015. At the time of writing, investors can buy Enbridge for less than \$44 per share and pick up a dividend [yield](#) of 6.8%.

The distribution should be very safe, so you get paid well to wait for better days.

Nutrien

Nutrien produces potash, nitrogen, and phosphate. These products are used by farmers to fertilize their plants and improve crop yields.

The company is a leader in the industry and sells its products on wholesale contracts to countries around the world. Prices are recovering after a multi-year downturn, and that trend is expected to continue. China and India paid higher prices in the 2018 contract than they did in 2017, and pundits are expecting the price to rise again for the 2019 agreements.

Nutrien also has a retail division that sells seed and crop-protection products to farmers. The company is growing the retail operations through acquisitions, and that trend is expected to continue among wave of consolidation in the industry.

Nutrien earned US\$2.69 per share in 2018 and is providing 2019 guidance of US\$2.70-\$3.00. The board raised the dividend twice in the past year. The current payout offers a yield of 3.7%.

At \$64 per share, the stock appears cheap. It traded above \$75 last year and could quickly move back to that level on jump in potash prices.

The long-term outlook for the industry should be positive given the rate of population growth and the ongoing loss of farmland to urban expansion. Farmers will need to grow more food using less land, and that should bode well for crop-nutrient demand.

Is one a better bet?

Enbridge and Nutrien pay reliable dividends that should continue to grow. The two companies are leaders in their respective industries and the stocks appear oversold. Given the extent of the pullback in the share prices, I would probably split a new investment between the two names today.

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