



## Enbridge Stock at \$50: Will It Continue Climbing Higher?

### Description

**Enbridge Inc** ([TSX:ENB](#))([NYSE:ENB](#)) recently closed at over \$50 a share for the first time since doing so back in May. The stock has seen a lot of resistance at that level and its 52-week high is just over \$51.

The big question today is whether Enbridge will be able to climb higher than \$50 or whether this is just another short-lived rally that's likely to be followed by a correction.

### Why are investors so excited about the stock?

It was a strong Q3 result by the company that had investors bullish and buying up shares of Enbridge. For the fourth straight quarter, the company reported a net income figure of over \$1 billion. Enbridge also achieved modest year-over-year sales growth of more than 2%.

The company has also been seeing progress on its [Line 3 Replacement Project](#), as appeals in Minnesota have failed to derail the project. Enbridge anticipates that the Canadian portion of the pipeline will be in service before the year is over.

Given the challenges the industry has faced over the years, the results are welcome news for investors, as they once again demonstrate the strength of Enbridge's business and its ability to be able to produce strong, consistent results even as industry conditions may be far from ideal.

### Is this enough to keep the stock above \$50?

Whether these recent results are enough to keep the stock above \$50 and going higher, however, is debatable. Trading at around 17 times earnings and 1.7 times book value, investors aren't paying a big premium to own the stock today.

But if the industry isn't healthy and there aren't any good growth prospects, it's going to be difficult for investors to remain bullish on the sector for long, which will prevent Enbridge's share price from seeing

a much bigger rally.

After all, a big reason that the stock has struggled over the years hasn't been due to its own results; rather, it's been due to the outlook for the industry.

Enbridge has generally done a good job of producing strong results even as other oil and gas stocks have been struggling, which hasn't been enough for the stock to generate any sustainable momentum.

While there have been brief periods where the stock has rallied, they haven't been able to translate into any positive, long-term trends.

## Bottom line

Investors shouldn't expect Enbridge stock to soar a whole lot higher than where it is today. The stock has performed well thanks to a good earnings result and general bullishness in the markets as of late.

However, that won't be enough to carry stock much higher up in price, as the concerns investors have for the industry haven't gone anywhere, and a case could be made that the outlook may have actually gotten [worse](#) with the recent election results.

While Enbridge may have generated a good rally of late, I wouldn't expect it to last for much longer.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

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