This High-Yield Stock Should Be on Every Dividend Investor’s Christmas Wish List

Description

A quality stock is the gift that keeps on giving — doubly so if it provides you with large amounts of passive income.

In the late months of 2019, the TSX abounds with high-quality dividend stocks with high and rising yields. Such stocks can make the perfect Christmas gift to yourself — a gift that pays you more than it cost.

Thanks to the lacklustre performance of the TSX over the past five years, many high-quality stocks have extraordinarily high yields. In fact, there are some stocks with yields north of 5% whose payout ratios are reasonable. Such finds are rare, but when you do find them, they can make great buys.

In this article, I’ll explore one stock whose high yield, growing earnings, and consistent dividend increases make it one of the best gifts you can give yourself this holiday season.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is Canada’s largest pipeline company. It ships crude oil and LNG all over North America through an expansive pipeline network.

Over the last few years, Enbridge has been growing its earnings considerably. From 2015 to 2018, net income grew from $250 million to $2.8 billion. In its most recent quarter, it produced $3.1 billion in adjusted EBITDA. These are some phenomenal growth metrics, and there’s reason to believe they could continue.

Enbridge currently has two projects in the pipeline (pardon the pun), that could drive its earnings much higher. The Line III replacement will add transportation capacity to the company’s pipelines into the American Midwest. The Line V tunnel will also add transportation capacity. Both of these projects have faced legal and regulatory challenges in the U.S., but Line III at least looks ready to go ahead, with a court having refused to hear further challenges to its construction.

An energy stock that doesn’t depend on high energy prices

One big thing Enbridge has going for it is a lack of dependence on high energy prices. This is one feature that distinguishes pipeline companies from energy extraction and marketing companies, which sell oil directly. Pipelines charge set fees based on volume and distance travelled. Therefore, as long as demand for crude/LNG is strong, they should be profitable, whereas both the demand and supply sides of the equation need to make sense for energy extraction firms to thrive.

Incredible dividend growth

At current prices, Enbridge’s dividend yields around 6%. That’s a pretty solid dividend yield already. However, it could go a lot higher. Over the past five years, Enbridge has raised its dividend by 17% a year on average. That’s a phenomenal dividend-growth rate, and with the company growing at a steady clip, it could continue. Especially if the Line III and V projects go ahead and Alberta’s curtailment woes get sorted out, this stock will prove to have been a great buy regardless of what happens to energy prices.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/09/18
Date Created
2019/12/24
Author

andrewbutton