



Does Enbridge's (TSX:ENB) Stock Price Make it a Buy Today?

Description

With its 6% yield and reassuringly wide economic moat, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is among the first energy stocks a value investor will likely consider when looking at the **TSX**. In addition, while it's early days yet, pushback from a contracts switch on the energy company's Mainline network could add yet more value for the long-range investor seeking to squeeze upside from the Western Canadian oil patch.

However, Enbridge has proven in the last year that its share price is surprisingly resilient to pushback from changes to its Mainline pipe network. For instance, last year, when open season for bidding on Mainline space was unexpectedly put on hold, Enbridge's share price hardly budged an inch. Waiting for a dip? It might not happen anytime soon.

This means that investors are in as good a position as any to snap up shares at the current price of \$54.33. Buying for the track record? Almost 250% earnings growth in the last year is a plus. Value investors also have a strong play here, as Enbridge trades at around 75% of its fair value, making for a roughly 25% discount, although its market ratios are higher than the Canadian oil and gas industry averages.

Indeed, buying shares in Enbridge at the current valuation is not without risk, and the outlook for the next few years is uncertain. From a future decline in income to worrisome debt levels and recent insider selling, investors who want to add Enbridge to an extreme long-range portfolio may want to wait it out and see what happens over the next year or so. There's also a high dividend-payout ratio to think about.

An alternative to the pipeline giant

Its exposure to hydroelectric, wind, and solar power makes **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) a key green economy stock to buy and hold for a blend of passive income with a 3.6% dividend yield and upward momentum. Its mix of renewable power sources and regulated utilities make for [an intriguing alternative to oil](#), with the attractive upside potential of the global green-power trend.

Stocks like Algonquin Power & Utilities also help devout oil investors stay diversified. As Ray Dalio said when considering investment options amid the uncertainty posed by the novel Coronavirus outbreak, “When you don’t know, the best investment strategy is to be smartly diversified across geographic locations, across asset classes, and across currencies.”

It’s a policy that could be easily applied to energy. Then again, an investor may want to take Jim Cramer’s lead and stay out of anything fossil. And with so many [options in the green energy sector](#) offering defensive dividends and high growth potential, the scope for cutting carbon out of a portfolio is growing by the day.

The bottom line

Trending upwards, Enbridge is unlikely to see a dip for some time. Meanwhile, Algonquin Power & Utilities could help balance out a portfolio that’s low on energy stocks. As with many energy producers, a considerable purchase of Algonquin Power & Utilities shares is relatively low risk and packs defensive backbone into a long-range stock portfolio.

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