Should You Buy Enbridge's (TSX:ENB) Stock in a Market Crash?

Description

The last couple of weeks have been unnerving for investors. South of the border, the **S&P 500, Nasdaq** and **Dow Jones** all entered correction territory. The **S&P/TSX Composite Index,** thanks to its high exposure to gold, held up better than most.

Last week when most global markets saw double-digit losses, it lost just 8.86% of its value. I say this cheekily, as it still represented the biggest one-week loss since the financial crisis. Investors were in full panic mode.

Unfortunately, this is when retail investors make mistakes. They let emotions take hold and at times will make poor decisions. This is the main reason why retail investors tend to underperform the markets.

Savvy investors who don't let their emotions rule the day will recognize the buying opportunities. One company that jumps out at me is **Enbridge** (TSX:ENB)(NYSE:ENB). Canada's largest energy company by market cap is just the type of company you'll want to go hunting for.

In a market dominated by chaos, parking some money in beaten-down, blue-chip companies is a good strategy. Last week, Enbridge dipped briefly into correction territory before closing the week with losses of 9.67%. Over the short term, this is difficult for shareholders to digest. The pace of the market drop was the fastest in history.

However, perspective is everything. Over the past month, Enbridge's stock price has lost 7.15% and year to date, it has lost 4.69% of its value. That doesn't seem so scary, does it?

Although the recent market downturn wiped out most all of the gains from the past year, this energy giant has still eked out a 1.21% gain.

Since the company has been growing earnings, Enbridge is trading at only 19 times earnings, an almost 50% drop from where it was trading last year (~32 times earnings). At 17.56 times forward earnings, it is also one of the cheapest it has been based on next year's estimates.

On the flip side, the company is trading at 1.73 times book value and 2.01 times sales. Although this is the cheapest it has been in six months, the company was actually cheaper for the entirety of 2018 and the first half of 2019 based on these metrics.

How does it compare to its peers? The company is trading relatively inline with the industry averages across all metrics. Given this, Enbridge's value proposition isn't as pronounced as one might think.

Is Enbridge a buy?

After the recent correction, is the company a buy? Enbridge is one of those rare companies that will do well over the long-term regardless of when you buy it. The recent dip is a good entry point, but not because it is particularly cheap.

It is a good entry point because Enbridge is a best-in-class company trading inline with averages. The oil & gas industry has struggled significantly over the past couple of years, yet Enbridge has remained a calming force.

As you wait for the markets to rebound, shareholders are also rewarded with a juicy 6.5% dividend yield . As a Canadian Dividend Aristocrat, Enbridge has raised the dividend for 24 consecutive years. This commitment to the dividend is one of the reasons this energy giant is one of the safest dividend stocks on the **TSX Index**.

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