



Forget Oil Stocks: Buy Pipelines!

Description

A market rally could finally be underway. Canadians can finally look at the stock market again and not see total and utter losses across the board. However, there is one industry that still seems to be struggling, and that is oil stocks. Oil and gas companies, pipelines, and anything related to this industry seem to still be trading far below fair value.

However, there's one area where investors are simply just getting it wrong, and that's pipelines. Whereas pure producers still struggle during this market rally, pipelines are the answer to the current gas glut for oil stocks. So, if you're looking for one area that should soar back during this rebound, that's pipeline stocks. When you decide to buy, look at these three first.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is the household name that you'll likely think of first when it comes to pipelines and oil stocks. The company has been on a downward streak since back in 2015, when the stock hit above \$60 per share, falling 35% from then to now. Yet analysts are still bullish about this stock for a few reasons.

The main reason is the company is supported by long-term contracts that will keep cash coming in for decades. That means the company's dividend and any projects can continue as normal. It's these growth projects that have analysts very bullish about this company's future and with this market rally.

Pipelines are what's needed to get [oil stocks moving](#) again, and Enbridge has \$19 billion of secured growth in its capital program. The company has 39% of potential upside and a dividend of 7.97% as of writing, which should have investors chomping at the bit to buy in bulk.

Pembina Pipeline

Maybe it's not as well known for its pipelines, but **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is certainly known for its dividend. This dividend all-star has grown its dividend year over year, even

before the market rally, handing out dividends monthly for shareholders.

Right now, the company has \$5.6 billion in secured growth projects over the next few years. This should keep the company's stock stable, and dividends should continue to rise.

When all is said and done, the company's long-term contracts will take up about 85% of its business, making it seriously attractive to investors during a market rally. The company's dividend has risen steadily over the last several years, and right now that yield sits at an incredible 8.97%! As for the share price, this stock is well below fair value, with a potential upside of 21% as of writing.

TC Pipelines

Finally, we have a company that might not be undervalued all that much, but it should still soar during this market rally. That stock is **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), a company well known for the Keystone XL pipeline. It's this pipeline that has sent this stock steadily rising, but the company has a lot more going for it down the line.

While oil stocks like Pembina and Enbridge are set up in North America, TC Energy has growth projects stretching down to Mexico and Columbia. This diversifies the oil stock's operations, leaving plenty of room for even more growth in both share price and dividends. This is especially beneficial during today's market crash and subsequent rally, as other pipelines continue to struggle because of set-up in western Canada.

While the company may not have much [growth to fair value](#), it has much more growth to come in the next year or two with a market rally. As of writing, there is upside potential of 8% and a strong dividend of 5.06% for this pipeline. That's a lot better than many other oil stocks out there.

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2. NYSE:PBA (Pembina Pipeline Corporation)
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4. TSX:ENB (Enbridge Inc.)
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Date

2025/08/26

Date Created

2020/04/26

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