



## Forget Oil Stocks, Buy Pipelines!

### Description

Investors looking for a deal have been taking a hard look at oil stocks lately. With earnings report season upon us, many believe the energy market could take a huge hit, and they'd be right.

With a market crash, production cuts, and countries announcing production would continue as usual, many oil stocks had an incredibly poor quarter. However, a market rally seems to be on the way.

With that, those countries have now decided to withhold production increases and are considering cuts. Yet even with the positive news, oil stocks should still feel the heat. That's why I would consider a parallel industry: pipelines.

Pipelines are the answer to the problem oil stocks face right now. Energy companies don't have a problem producing oil, it's the shipping that's the issue. Pipelines should continue to produce earnings growth even during an economic downturn. That's why during this market rally, there should be a big difference between how oil stocks performed and pipelines.

When it comes to which pipelines to look into, there are a few things to consider. Whereas oil stocks need methods of shipping, pipelines need approval to build more. There are only a few out there that already have approval to build, and others that have money set aside to grow.

As the market rally continues, hopefully we'll get even more good news that pipeline companies have received the strict environment approval necessary to start building. So, which pipeline companies should see a boost sooner rather than later?

## Pembina Pipelines

Let's start with a great choice if you're looking for not only growth, but also cash flow. **Pembina Pipelines Corp.** ([TSX:PPL](#))([NYSE:PBA](#)) is the best option out there for investors who need a bit of income during the market rally.

Pembina is well known for its hefty dividend, which right now sits at 8.32%. The company has steadily

increased this dividend and should for years to come.

That's because the company has a lot of support, including its long-term contracts that will keep cash coming in for decades. As well, Pembina is using that cash to reinvest and build more pipelines. Currently, Pembina has \$5.6 billion set aside in secured growth projects. As these pipelines are built, expect the share price and dividend to grow.

## Enbridge

Another stock that should see a huge increase from growth is **Enbridge Ltd.** ([TSX:ENB](#))([NYSE:ENB](#)). This company is well known for being a strong investment if you're looking to buy and hold. The stock has a [strong dividend](#) with steady increases just like Pembina, which sits at 7.61% as of writing.

Again, if you're looking for a long-term buy, Enbridge is your stock. The company is also reinvesting and should be top on the list of approvals by the government should it meet all environmental regulations. Enbridge has billions set aside for its growth projects, and like Pembina should see significant growth in its stock price as these pipelines are built.

## Inter Pipeline

Finally, we have the perfect pipeline stock if you want huge growth in a short time, as well as high dividends. **Inter Pipeline Ltd.** (TSX:IPL) is working its way to compete with the big boys, and part of that is setting aside more and more growth projects.

While the company recently slashed its dividend, the worst appears to be over. As the oil sands ramp up production, Inter Pipeline should really benefit.

As oil and gas starts shipping, the company will again be able to seriously increase its dividends, which right now sit at 4.44% as of writing.

Once the [long-term growth](#) opportunities are underway, long-term investors will benefit hugely. In the meantime, share prices could even double in the next year.

### CATEGORY

1. Coronavirus
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:ENB (Enbridge Inc.)
4. TSX:PPL (Pembina Pipeline Corporation)

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alegatewolfe

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