Canadians: 2 Reasons Enbridge (TSX:ENB) Stock Is a Steal Today

Description

The COVID-19 pandemic and the subsequent lockdowns have had a devastating impact on the Canadian and global energy sector. Oil and gas demand have sharply plunged, as citizens all over the world have been grounded in one way or another. Predictably, this has had a negative impact on energy stocks. Today, I want to discuss why the energy infrastructure giant **Enbridge** (TSX:ENB)(NYSE:ENB) is a worthy pick in the month of May.

Enbridge is a dividend beast with nice value

In late 2019, I'd targeted Enbridge as one of my top dividend stocks entering this new decade. The company possessed a wide economic moat and a deep project pipeline. Moreover, it has a fantastic track record as a dividend payer.

Enbridge last paid out a quarterly dividend of $0.81 per share. This represents a tasty 7.5% yield. A dividend hike in 2020 will mark 25 consecutive years of dividend growth at Enbridge. It has achieved a forward dividend-growth rate of 6.3%. This is a mouth-watering rate for income investors. When it comes to yield, dividend-growth history, and company quality, there are few dividend stocks that can measure up to Enbridge on the TSX.

Better yet, Enbridge also offers good value right now. The stock has dropped 21% over the past three months as of close on May 5. Shares are down 6.3% year over year. The stock last had a favourable price-to-earnings ratio of 16 and a price-to-book value of 1.5. It was still trading at the low end of its 52-week range at the time of this writing.

Enbridge is set to release its first-quarter 2020 results tomorrow on May 7. Investors should consider its good value right now, while also bracing for turbulence in the near term.

Don't count out the Canadian energy sector

In late April, I'd pinpointed three Canadian energy stocks that were on the path to rebounding in 2020.

Enbridge was not among those targeted, but it can benefit from the same trends going forward.

Canada’s oil and gas sector has taken its lumps so far in 2020, but there is light at the end of the tunnel. One of the main culprits of the volatility was the Saudi-Russia price war and instability at OPEC. There are still underlying tensions, but both parties have been able to agree on sharp production cuts going forward.

The other half of the equation for energy stocks has been the COVID-19 pandemic. This outbreak has rattled governments all over the world. Many nations elected to pursue strict lockdowns to contain the pandemic. This has resulted in an unprecedented fall in demand for the oil and gas sector. Governments around the world are now exploring a gradual re-opening while expending massive financial resources on searching for a viable vaccine.

This process may be slow, but demand in the oil and gas sector should gradually recover in the months to come. Enbridge and other energy giants will be the beneficiaries of this path to normalization.

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