Got $4,000? Double it With This Great Dividend Stock

Description

The ongoing pandemic has hurt the global economy badly. Hundreds of thousands of people have lost their jobs, as companies across the world try to cut their costs and prepare themselves to fight against an upcoming recession. If you've been saving some money — by spending conservatively — in the last few years, you would realize the importance of doing so in such difficult times. However, there are ways to give a boost to your saved money instead of letting it sit idle in your bank account.

In this article, I'll talk about a stock that you can buy right now with your savings and expect a quarterly income along with great returns in the long term.

The stock to buy now

If you don't know already, **Enbridge** (TSX:ENB)(NYSE:ENB) is a Calgary-based energy transportation company with a market cap of about $82 billion. The company is known to operate North America's largest crude oil and liquid hydrocarbons transportation system.

In the first quarter, Enbridge posted earnings of $0.83 per share, up 36.1% from $0.61 in the previous quarter. It was also 2.5% better as compared to the earnings per share of $0.81 in Q1 2019. During the same quarter, the company's revenue fell by 2.7% sequentially and 6.6% on a YoY (year-over-year) basis to $12 billion. It also reported a 2.5% sequential rise in its operating expenses.

Handsome profitability

Nonetheless, Enbridge's profitability continued to improve. In March 2020 quarter, the company's adjusted EBITDA rose by 18.1% sequentially to $3.76 billion but remained nearly flat on a YoY basis. It was the second consecutive quarter when the company's adjusted EBITDA rose sequentially.

This helped the company to expand its Q1 2020 EBITDA margin to 31.3% — up by 5.5 percentage points from 25.8% in the previous quarter and two percentage points better than 29.3% in Q1 2019.

Similarly, the company's adjusted net profit margin expanded to 13.9% — up by 3.9 percentage points from 9.9% in the previous quarter and 12.8% a year ago.

Solid dividend

Another reason for my recommendation to buy Enbridge stock is its solid dividend yield of nearly 8%. It makes the company an amazing investment option for people who are looking to get regular income.

Foolish takeaway

As of June 28, Enbridge's stock is trading with a 21.6% year-to-date losses as compared to an 11% decline in the **S&P/TSX Composite Index**. During the same period, its peers, such as **TC Energy**, **Pembina Pipeline**, **Keyera**, and **Inter Pipeline**, have gone down by 17.4%, 32.7%, 41.7%, and 46.8%, respectively.

Notably, Enbridge's stock was trading at its multi-year high of $57.32 on February 11. Since then it has lost nearly 30%. A sudden decline in energy demand after the COVID-19-related closures triggered a massive sell-off in the stock.

Despite the recent blows to the energy sector, Enbridge has maintained stable earnings guidance for 2020. A gradual reopening of all the economic activities across North America is likely to boost energy demand in the next few months. Improving energy demand will have a positive impact on Enbridge's 2020 financials and could drive its stock higher.

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