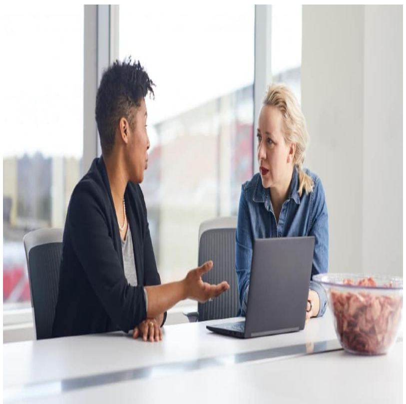

Better Than Shopify (TSX:SHOP): Beginners Should Buy This TSX Stock Instead and Hold it Forever

Description

After witnessing a massive sell-off in the first quarter, the Canadian stock market is continuing to recover in the third quarter. The **S&P/TSX Composite Index** lost 21.6% in Q1. Since then, the index has recovered by 23.9%. However, the ongoing prolonged pandemic is still keeping the stock market across the globe highly volatile. This volatility has made the task of picking good stocks extremely difficult for stock market beginners as well as for experienced investors.

Despite the ongoing economic crisis, some Canadian companies, such as **Shopify** (TSX:SHOP)(NYSE:SHOP), have yielded amazing returns in 2020 so far. As of August 6, Shopify's stock has yielded a whopping 180% positive return this year against a 2.2% drop in the **TSX60** benchmark.

Beginners should avoid Shopify stock right now

While I don't deny the future growth potential that lies ahead in the coming years for Shopify, I don't find its stock to be suitable for market beginners. It's trading deep within overbought territory right now and may witness a downside correction in the near term.

This expected correction makes Shopify a riskier bet for new investors who don't have as a big risk appetite as many other well-experienced traders and investors might have. That's one of the key reasons why I — in my recent article — suggested investors to avoid making fresh long positions in Shopify's stock, despite its impressive second-quarter results.

To help investors in their hunt for great stocks, we'll take a look at one TSX stock that I think beginners can buy right now and hold it forever.

This energy stock is great for beginners

Enbridge (TSX:ENB)(NYSE:ENB) is a Calgary-based energy company with a market cap of around $89 billion. Recently, the company released its better-than-expected second-quarter results on July 29.

The Canadian energy firm reported earnings of $0.56 per share in Q2 — down 16.4% year over year (YoY) but slightly higher from Bay Street's estimate of $0.55 per share.

In the last quarter, Enbridge's revenue fell by nearly 40% to $7.96 billion. While its revenue from liquids pipelines and renewable energy segments rose in Q2, it fell sharply from its energy services segment. It is important to note that the major decline in its revenue was primarily driven by "the absence of contributions from the federally regulated Canadian natural gas gathering and processing business" that Enbridge sold in December 2019.

Despite lower revenue and the ongoing economic slowdown, Enbridge's adjusted net profit margin significantly improved to 14.2% in Q2 2020 from 12.8% a year ago. It was also better as compared to its 13.9% net profit margin in the previous quarter.

More reasons for beginners to buy its stock now

There are only a handful of companies that are able to maintain their full-year 2020 guidance amid the pandemic, and Enbridge is one of them. The company's management claims to "have weathered the near-term effects of the pandemic" on its business, which I find to be true to a great extent, as the management has not cut or withdrawn its 2020 guidance.

Another great advantage the beginners can have by buying Enbridge's stock over Shopify that they would get handsome extra income with its impressive dividends. While Shopify doesn't pay any dividends to its investors, Enbridge has a solid 7.4% dividend yield at the moment. In fact, Enbridge's quarterly dividend rose to $0.81 per share in Q2 from $0.74 per share a year ago. Its rising dividends — despite the economic slowdown due to the COVID-19 — reflect strength in the company's business model and financials.

These are the main reasons why I find Enbridge stock to be nearly perfect for the stock market beginners.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners
6. Tech Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Stocks for Beginners
6. Tech Stocks

Date
2025/09/01
Date Created
2020/08/07
Author
jparashar