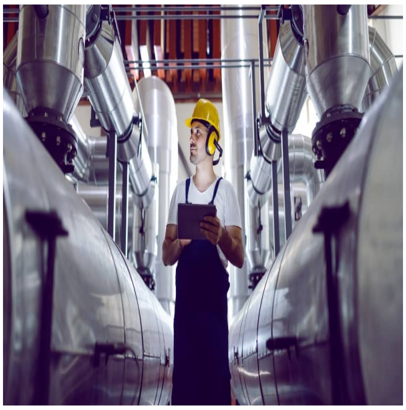

Buy Alert: Enbridge (TSX:ENB) Stock Just Raised its Dividend!

Description

The year 2020 has been an incredibly hectic year. If there is one thing that 2020 has taught or, or at least reminded us, though, it's that buying high-quality investments with resilient operations that you plan to own for the long-term is always the ideal strategy.

That's why throughout the pandemic, I have been using the opportunity to double down on some of the best long-term stocks on the **TSX**, such as **Enbridge Inc** (TSX:ENB)(NYSE:ENB).

While 2020 has produced a tonne of rapid rallies that have made many investors a lot of money, the bigger opportunity it's created is for long-term investors. Many high-quality, blue-chip stocks offered investors incredible deals throughout the year.

And some, like Enbridge, continue to trade undervalue. This won't last forever, though, as the end of the pandemic is now on the horizon. That's why if you don't own a stock like Enbridge, you should think about getting some exposure soon.

Why Enbridge is so cheap

When the pandemic first hit, one of the hardest-hit industries was energy. Energy is always highly cyclical, so when there is a recession or financial crisis, it's not unlikely to see oil prices tank. However, the impact the coronavirus pandemic has had on the whole sector has been stronger than normal.

The difference this time around is that because of the pandemic, there is a lot less demand for energy. Not only is jet fuel demand being significantly impacted, but fewer people are driving to work or even to visit friends and family, which is having a massive effect on the oil industry, not just impacting prices but also volumes.

That's why investors have been concerned about the pipeline stock and its peers. While these businesses are barely exposed to commodity pricing, if less oil is being produced and therefore less needs to be transported, then these companies will see a significant impact.

Why Enbridge is worth an investment

First of all, even if the above concerns were making that much of an impact on Enbridge's business, they would still only be short-term headwinds. However, the fact of the matter is that Enbridge has seen only a small impact, and much of that impact it's been able to offset with cost reductions.

The company has even reiterated its guidance for distributable cash flow (DCF) per share several times throughout the year. Enbridge expects it will earn between $4.50 to $4.80 in DCF per share this year — well above its current annual dividend of $3.24, showing how stable the dividend is and how much of a cash cow Enbridge's operations are.

This impressive performance is extremely promising. And when you consider how resilient it's been through the pandemic and how much cash flow the company can earn, it's clear how much long-term potential Enbridge has. It's also why only a few weeks ago, I predicted that Enbridge would raise its dividend again before the year was out.

That materialized this morning, with Enbridge raising its dividend to $3.34 annually and raising its 2021 guidance for DCF per share to between $4.70 and $5.00. This is the 26th consecutive year that Enbridge has increased its dividend.

Bottom line

As of Monday's close, Enbridge was trading for just $42.60, which means the top dividend stock is now offering a dividend yield of 7.8%. Plus, it's still trading more than 25% off its 52-week high, offering investors incredible value.

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Date
2025/08/26
Date Created
2020/12/08
Author
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