



## 3 Reasons to Buy and Hold Enbridge Stock

### Description

Energy stocks proved highly volatile for the better part of 2020. Oil and gas prices were struck hard by the COVID-19 pandemic. New restrictions and lockdowns around the world sunk global demand and put the heat on producers. However, the story has changed in late 2020 and early 2021. There are renewed hopes, as the global economy is on the mend. Canadians should start looking at stocks like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) as we look ahead to the end of this bleak winter.

Today, I want to look at three reasons investors should look to buy and hold Enbridge. Let's dive in.

### The oil and gas sectors are soaring to start 2021

The price of WTI crude was trading just above the US\$60.60/barrel mark in late-morning trading on March 2. Colder temperatures across North America also helped to boost natural gas prices in February. However, some analysts predict that we are reaching the tail end of its stronger demand season. This means that investors may want to zero in on oil-focused equities right now.

Winter storms also had an impact on production disruptions for the oil industry. Regardless, this rally has been supported from OPEC production cuts. The industry will watch the next OPEC meeting closely on March 4. Enbridge is the largest energy infrastructure company in North America. It is facing regulatory challenges, as the Biden administration looks to prove its green energy bona fides. Still, it is poised to gain as oil and gas prices recover.

### Enbridge has delivered strong results in a crisis

Back in May 2020, I'd suggested that Enbridge was a [steal](#) priced around the \$42 mark. Its shares have dropped 13% year over year at the time of this writing. This top energy stock has increased 7.6% in 2021 so far.

The company released its final batch of 2020 results on February 12. Enbridge's full-year GAAP earnings came in at \$3 billion, or \$1.48 per share — down from \$5.3 billion, or \$2.64 per share, in the

prior year. Its adjusted earnings were reported at \$4.9 billion, or \$2.42 per share — down from \$5.3 billion, or \$2.65 per share, in 2019. Overall, it was a solid quarter for the energy giant in the face of a challenging crisis.

Enbridge is on track to improve its earnings in 2021, but it is facing major challenges. Michigan governor Gretchen Whitmer has sought to torpedo its Line 5 project. However, the state has recently tackled an energy emergency due to cold temperatures. Enbridge has stepped up to underscore the importance of the project to ensure that the state does not face propane shortages in the future.

## This stock is a dividend monster

When this year started, I'd [explained](#) why Enbridge was a heavyweight dividend stock worth snatching up. The company has achieved 25 consecutive years of dividend growth. It currently offers a quarterly dividend of \$0.835 per share. That represents a monster 7.5% yield.

Shares of Enbridge last had a price-to-earnings ratio of 29. This puts the top energy stock in favourable value territory relative to its industry peers. Canadians should look to snatch up this dividend monster today.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

### Category

1. Energy Stocks
2. Investing

### Date

2025/09/09

### Date Created

2021/03/02

### Author

aocallaghan

default watermark