



Enbridge (TSX:ENB): This Ultimate Canadian Dividend Stock Is Ready to Skyrocket!

Description

Top Canadian dividend stock **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) has been picking meaningful traction of late. Shares of ENB are now up 28% from their November lows, thanks in part to higher oil prices that have reversed the negative sentiment in some of Alberta's most ailing energy plays. The stock's dividend yield has now compressed from over 8.5% to 7.32% as a result of the last few months' worth of capital appreciation.

While it may be too premature to declare that the worst is already in the rear-view mirror for Enbridge stock, [the risk/reward has become the most compelling](#) it has been in years. Fossil fuel plays, from the producers to the midstream players, have been heavily out of favour for far too long.

They took a backseat to the green energy stocks last year. But as I mentioned in numerous prior pieces, the unloved energy stocks would be massive beneficiaries of both a growth-to-value rotation and a post-pandemic boom that would likely send oil prices soaring.

With the post-COVID world now in sight, some brilliant people like Warren Buffett are placing huge bets on a commodities boom. Oil prices are surging, and some of the bulls think that West Texas Intermediate (WTI) could make a return to the US\$100 mark — something that would have been unthinkable when oil prices briefly dipped into negative territory just under a year ago!

Fossil fuel plays like Enbridge stock won't disappear anytime soon

Renewable energy is the future. EV stocks and renewable energy plays will continue to be sexy, as they're on the right side of the profound secular trend. That said, fossil fuels aren't going away overnight. The transition to renewables could take many years, if not decades. That makes contrarians like Buffett incredibly bullish on the ailing big oil plays.

Big oil may stink through the viewpoint of a young millennial investor, but to a man like Warren Buffett,

who's all about the fundamentals, ailing energy stocks reek of value.

Warren Buffett's recent bet on **Chevron** stock, I believe, is a sign that the tables are about to turn and the battered energy plays that have been crushed in 2020 are ready to make a comeback for the ages on the back of the next bull market.

Ready to rebound to those 2015 highs

Trying to time the bottom in Enbridge stock hasn't gone very well over the years. The name has been a rollercoaster ride of emotions, to say the least. While there's no telling if Enbridge shares are ready to make a move for the top, I do think the long-term risk/reward trade-off is highly favourable here.

As oil continues its ascent ahead of the post-pandemic world, we could find bargain-hunters piling into the unloved pipeline and energy plays of yesteryear. And if it turns out that this latest rally is another fake-out, I'd hang on and get ready to accumulate more shares of the dividend kingpin, who's demonstrated numerous times that it's willing to swim to great lengths to keep its dividend promise to passive income investors.

While Enbridge's dividend is stretched, relief is likely on the way. There's no denying the firm's cash flows and its improving prospects. Given many signs are pointing to a major commodities boom, I think Enbridge stock could be the ultimate Canadian dividend stock to hold over the next 18 months and beyond.

It's time to follow Warren Buffett into energy stocks!

Enbridge stock is far too cheap, with [considerable upside](#), as the entire energy patch climbs out of the gutter. Warren Buffett may be a bigger fan of big oil producers, but I'd prefer the top midstream players like Enbridge for their rich but safe dividends.

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