



Enbridge Stock a Buy Despite Biden Risks

Description

The energy sector certainly took a big hit last year. However, this year has gotten off to a better start. Companies like **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) and **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) are ones I'd invite investors to have a look at right now.

Why, you may ask? After all, headwinds appear to be on the horizon.

Indeed, some investors believe Canada's energy sector may be due for four years of headwinds during the Biden administration. His cancellation of the Keystone XL pipeline and acrimonious view on oil and gas isn't bullish for Canada.

Additionally, some of these projects such as Enbridge's Line 3 and 5 have run into trouble of late. Here's my take on why I think investors shouldn't put Enbridge in the penalty box right now.

Biden's ban doesn't really apply to Line 3

Pipeline stocks have been under pressure of late. Indeed, Biden's cancellation of permits for the fourth phase of the Keystone XL pipeline sent shockwaves to all Canadian pipeline stocks.

Investors are concerned that Enbridge could face the same fate. However, the company's Line 3 Replacement Project should be online this year. It's been approved, and is very close to nearing completion. Accordingly, most analyst expect this expansion project to narrowly escape Biden's grasp.

Line 5 is a different story

Enbridge's Line 5 is the most recent Biden target which has the potential to stir the relationship between the U.S. and Canada. Here is how this situation stands right now: Michigan opposes the Enbridge Line 5 expansion, while Canada and some states think it is too crucial to be stopped.

As it stands, U.S. courts are expected to take a long time to resolve this dispute. Accordingly, these

risks surrounding the company's Line 5 expansion may weigh on this stock for some time. Therefore, investors in Enbridge need to be patient with this stock. In my view, this is a long-term stock to consider, so holding for at least a few years is prudent in this case.

Bottom line

As fuel consumption increases following lockdowns being lifted, oil pipelines should return to capacity near the second half of the year. Meanwhile, Enbridge's natural gas transmission, storage, and distribution assets will continue to act as a steady source of income. Buying the dips on this stock is an excellent strategy, as Enbridge has been a solid [historical outperformer](#) and is likely to continue this sort of performance long term.

Again, this stock is a long-term holding. Accordingly, I'd invite investors to be patient and buy along the way. Enbridge is a winner.

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