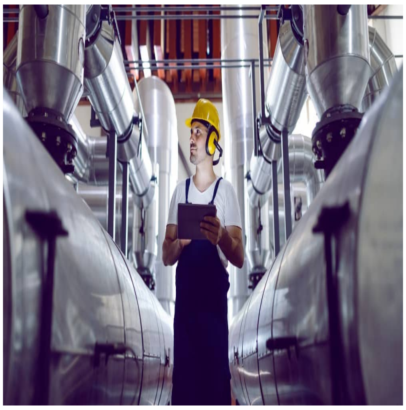

Enbridge (TSX:ENB): My Top TSX Stock to Buy Today

Description

While the stock market may be getting expensive, names like **Enbridge** (TSX:ENB)(NYSE:ENB), which haven't participated in the latest rally to the full extent, I believe, are still trading at bargain-basement valuations.

Enbridge is my top **TSX** stock to buy today, as the beaten-down pipeline kingpin looks to heal its wounds after what's been an absolutely brutal last few years. While there's not as much to be optimistic about other than the massive recovery in West Texas Intermediate (WTI) prices, the whole green energy trade could reverse in a big way, with fossil fuel plays, including the midstream operators, that could lead the next leg of this bull market.

Enbridge's dividend is stronger than you think

Enbridge is a best-in-breed pipeline play. The dividend yield swelled absurdly last year, and it's still pretty swell at 7.2%. With one of the most shareholder-friendly managers on the planet, I think Canadian investors should stop discounting the firm's juicy dividend and start thinking about nibbling away at shares before the severe undervaluation has a chance to vanish.

Indeed, it's getting tougher to find value and a juicy yield these days. With the rise of ESG investing and the considerable momentum behind green energy stocks, it's not a mystery why fossil fuel plays, from upstream to downstream, are viewed as the least sexy sector in this market. There are reasons to be bullish on green energy stocks with a green-friendly President Biden who's serious about EV (electric vehicle) chargers; there are reasons to be bullish on green energy stocks. They're on the right side of the secular trend, and the tailwinds are profound.

That said, there's no denying the operating cash flows on a name like Enbridge. They'll support and grow the dividend for years on end. And for passive income investors, there's no much else you could ask for.

Why invest in a pipeline that's on the wrong side of a secular

trend?

Yes, renewables are the future, but fossil fuels aren't going anywhere overnight.

Heck, it could take many decades before we make the transition to renewables. I think it'd take at least 30 years for most developed countries or high-emission firms to reach carbon neutrality. In any case, I think it's safe to say that Enbridge will be paying handsome dividends for many decades to come. And given management has shown its willingness to swim to great lengths to keep its dividend supported; I'd argue that the name is a must-buy on weakness.

Warren Buffett recently gave the fossil fuel sector a big vote of confidence with his sizeable bet in **Chevron**. The stock was unsexy, but it was a classic Warren Buffett value play — undervalued, a well-supported dividend, and robust cash flows.

Enbridge, I believe, is the same deal. It's unloved in an unsexy industry. But sometimes to achieve market-beating results over time, you've got to put your contrarian hat on and bet on the stocks that nobody else in their right mind would want to own.

Foolish takeaway on Enbridge stock

Enbridge faces tough regulatory hurdles, but its potential foray into carbon capture and hydrogen production, I believe, could win it some tax credits and perhaps some previously reluctant investors in the process. Perhaps it could even cause a reversal from green stocks to those heavily beaten-down fossil fuel plays.

Big energy can be innovative, too. And I think it'd be a mistake to count Enbridge out of the game as green stocks continue gaining momentum.

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Date
2025/09/14
Date Created
2021/04/08
Author
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