



TFSA Investors: Enbridge (TSX:ENB) Is a Top Stock for May 2021

Description

TFSA investors who've yet to put their \$6,000 contribution to work should look to scale into a position now, rather than waiting for a correction that may not strike until investors least expect it. People keep going on about how expensive the stock market is, but **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is a bargain that I think ought to be scooped up in May 2021, as value stocks shine.

The stock sports a juicy 7% yield. The handsome dividend payout is real, and some pretty healthy cash flows support it. While the dividend was stretched over these miserable past few years for the pipeline kingpin, I never viewed it as being stretched to anywhere close to its breaking point. As you may know, selling off non-core assets to finance a dividend is never a great strategy over the long run. But in keeping its dividend promise to shareholders, Enbridge likely won over many fans who will be sticking around for life.

The Roaring '20s: Things are finally looking up for Enbridge stock

With things looking up on the commodity patch, Enbridge is finally about to catch a much-needed break after years of stumbling through rough patches. I think WTI (West Texas Intermediate) prices could skyrocket past US\$80 and maybe even test the US\$100 level again, as the Roaring '20s takes hold. The commodities boom has been nothing short of unprecedented. With the recent relative outperformance of value over growth stocks thrown into the equation, Enbridge looks like a stellar dividend stock that ought to be bought while it's still down and out.

Just because the fossil fuel industry is poised to get a weight lifted off its shoulders doesn't mean that Enbridge won't have to navigate through high regulatory hurdles, though. As a pipeline, such hurdles are to be expected, and if they cause the stock to flop, investors ought to be buyers. Pipeline stocks will always be volatile, as growth projects in their pipelines (forgive the pun) face delays, backlash, shutdown orders, and all the sort. That's the nature of the business, and for those willing to put up with such volatility, I think there are ample dividends to be had.

Enbridge's Line 5 at risk of a shutdown?

Most recently, the Michigan governor ordered Enbridge's Line 5 pipeline to shut down, noting that continued operation jeopardized the Great Lakes. The order hasn't really budged Enbridge stock in the slightest, likely because many don't think such a shutdown is going to happen without a legal battle that could last years, according to fellow Fool contributor Andrew Button.

"It's quite likely that Enbridge's dispute with Michigan will go to the courts — a process that is likely to take years to fully sort out." Button wrote in a piece going into why he thinks Enbridge's [Line 5](#) won't shut down. "Complex litigation in the U.S. is usually long and drawn out, with both parties having the option to appeal decisions. It can take many months for a higher court to even hear a case."

I think Button is right on the money in that Enbridge isn't going to shut down its Line 5 pipeline without a fight. It's been through more than its fair share of battles before, after all. Even if Line 5 goes down, I still don't think Enbridge's dividend will be on the chopping block. Not with the favourable industry environment that's up ahead.

In any case, the risk of the shutdown isn't going to slow Enbridge stock in its tracks. Investors have shrugged it off, and a timely shutdown of Line 5, I believe, is a high-impact event that's very unlikely.

Foolish takeaway

With shares at the crossroads between momentum and value, Enbridge stock is my top TFSA stock pick for May 2021, not just for the dividend but for the upside potential ahead of what could be a historic [boom](#).

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