



Enbridge Stock vs. TC Energy: Which TSX Dividend Heavyweight to Buy?

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) and **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) are two pipeline kingpins and dividend heavyweights that income-seeking Canadian investors should not ignore.

Yes, both midstream operators have endured years of considerable pressure, but things are starting to look up. The recent uptick in oil prices has given lift to the big producers.

Still, I think it's a mistake to count out the less-price-sensitive energy-transportation plays, especially as the prices of West Texas Intermediate and Western Canadian Select look to take a breather after their [incredible](#) first-half rallies.

You see, the top Canadian pipeline stocks like Enbridge and TC Energy are a great way to get your income without having to suffer through excessive levels of volatility at the hands of day-to-day energy price fluctuations.

Canadian pipeline stocks haven't looked this good in a while

The pipelines are gushing with cash, and they'll be well-positioned to continue [roaring](#) into year's end, even if oil and gas prices start stalling out. Moreover, the pipelines are also a great way to bring the fight to higher inflation. The rich dividends are not only bountiful, but their growing very quickly and should be expected to outpace any lingering inflation.

For now, the Federal Reserve thinks inflation is transient. While I'm inclined to agree, I think it's only prudent to hedge your bets with one of Canada's top pipeline stocks, even if you don't need the income today.

With inflation and higher rates on the horizon alongside a move impressive energy backdrop, I think the stage is set for a nice rally for Enbridge and TC Energy stock, two of my top picks in the space right now.

But which is the better buy? Or should you place bets on both stocks as they look to add to the gains

posted in the first half of 2021? Let's have a closer look at each dividend heavyweight.

Enbridge stock

It's been a tough past few years for Enbridge, but through the energy downturn and pressures, the firm kept its dividend intact. In fact, it's continued to hike its payout despite the turmoil.

Many pundits didn't think Enbridge earned the right to hike its dividend, but with the tides now turned in the oil patch, I think Enbridge's managers made not only a bold move but the correct move in continuing to keep its "dividend promise" to its remaining shareholders who stuck by the name amid rising volatility.

Enbridge stock is now in the midst of a nice rally. Year to date, shares have outpaced the **TSX Index**, rising 21%. I think the rally is just getting started and would encourage investors to scoop up the 6.8% yield before it compresses below the 6% mark due to further appreciation in the stock.

As management looks to the mid-60% payout ratio, investors should expect big dividends hikes over the years as projects come online, giving cash flows a boost. Any regulatory news that's likely to come about could be just noise in the grander scheme of things.

TC Energy stock

TC Energy is a high-quality pipeline play with a juicy 5.6% yield and a low 0.76 beta (versus Enbridge's 0.95 beta), making it a great way to weather both a pick-up in volatility and inflation heading into year's end. The company is moving on from Keystone XL to other incredible growth projects that could lift the dividend for many years to come.

Although you'll get over 1% more yield from Enbridge, I'd have to side with TC Energy in the battle of the Canadian pipeline greats. Specifically, I'm a huge fan of the firm's Mexican natural gas pipeline exposure, making TC Energy one of the most diversified and high-quality midstream operators out there.

It's so diversified that I view the company as less of an oil and gas stock and more of a stable utility with a juicy dividend.

The winner: Enbridge stock vs. TC Energy stock

At 25.6 times earnings and 4.6 times sales, TC Energy is much pricier than Enbridge, which trades at 15.8 times earnings and 2.6 times sales. But for the relative stability you'll get, I think the higher price of admission is worthwhile.

Although I prefer TC Energy over Enbridge for its lower volatility, I'd much rather be an owner of both firms in this battle of dividend heavyweights.

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2. NYSE:TRP (Tc Energy)
3. TSX:ENB (Enbridge Inc.)
4. TSX:TRP (TC Energy Corporation)

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