



## 2 Reasons Why Enbridge Stock Remains a Buy in August 2021

### Description

Investors in **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) stock certainly have a lot to like today. This energy infrastructure company has continued to perform well, despite recent market turbulence this year. Indeed, where the stock market goes from here is anyone's guess. However, this key [dividend player](#) is one that has shown the ability to provide consistent long-term returns for investors. Usually, that's good enough for me.

However, there happen to be a couple key catalysts I think could take Enbridge stock on nice run from here. Let's dive into why I think this could be a great pick for August and beyond.

### Line 3 pipeline replacement to be functional soon

All eyes for investors in Enbridge stock are on the company's Line 3 replacement project. Indeed, this \$9.3 billion project is slated to be operational this year. And the cash flows this pipeline expansion will provide should give investors the boost they're looking for in this stock.

This will be the first major Canadian energy infrastructure project to be completed in some time. Additionally, many pundits believe this may be one of the last. ESG-related concerns with the energy sector have led to a political environment which isn't friendly to companies like Enbridge. However, Enbridge is well positioned relative to its peers on the completion of this project.

Delays with respect to the company's Line 3 expansion have cost the company significantly. Experts estimate the entire sector lost \$17 billion over the past five years as a result of this unfavourable political environment. However, Enbridge's Line 3 project stands as a beacon of hope for energy investors today. Accordingly, I view Enbridge as one of the safest plays in this sector right now.

This pipeline expansion allows for an additional 370,000 barrels of oil to be transported daily to the United States. Given the completion date of Q4, this pipeline should be accretive starting next quarter. For investors looking to get in early, now may be a great time to pick up Enbridge stock.

Of course, risks still persist. There's no telling if another slowdown in construction may materialize.

However, for now, the stars appear to be aligning for Enbridge. Accordingly, this is a stock I think investors should at least have on their watch list today.

## Strong earnings boosting Enbridge stock

The Calgary-based pipeline company has posted impressive earnings of late. Enbridge's revenues grew nearly 14% year over year to \$10.9 billion this past quarter. Given the company's market capitalization just under \$100 billion, it's easy to see why Enbridge stock is viewed as cheap right now.

The company's [6.9% dividend yield](#) is among the highest in the sector. However, I view this dividend also as one of the best in its class. This is because Enbridge's cash flows are extremely stable and are likely to grow as a result of the Line 3 expansion. From a fundamentals standpoint, Enbridge stock ticks all the boxes.

Enbridge beat on the bottom line this past quarter — something I think will become commonplace moving forward. With oil prices still above US\$60 per barrel, counterparty risk has been significantly reduced. Accordingly, I think Enbridge stock looks attractive from a forward-looking earnings perspective as well.

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