



## 2 Reasons Why Enbridge Stock Could Soar Through Christmas

### Description

One of the best dividend stocks in Canada, and potentially the world, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) continues to be a stock I like in this environment. Indeed, Enbridge stock continues to provide one of the highest investment-grade yields on the market right now. Those concerned about inflation or simply looking for a stock with a [meaningful dividend yield](#) (they're hard to find) can gravitate toward Enbridge today.

Additionally, I think the next few months could be quite positive for investors in Enbridge stock. Let's dive into what may be coming over the next few months.

### Completion of Line 3 pipeline project could buoy Enbridge stock

One of the biggest catalysts investors have had their eye on with respect to Enbridge stock is the company's Line 3 pipeline expansion. This project is reportedly set to start shipping crude by mid-September. That's earlier than expected and could provide a nice near-term catalyst for investors.

Indeed, this quarter's earnings report is likely to be impacted little by this announcement. However, I'm expecting Enbridge's management team to put forward more bullish projections for the next quarter and this full fiscal year.

More capacity is a great thing for long-term investors in pipeline stocks. For Enbridge specifically, the Line 3 project provides an additional 370,000 barrels per day of capacity to Enbridge's system. The fact that this pipeline expansion got pushed through is also a political badge of honour. Enbridge has done what other pipeline companies have failed to do in recent years. Long-term investors should certainly take note.

### Dividend yield too juicy to ignore

With a [dividend yield](#) of 6.7%, investors get a payback period of roughly 10 years via owning Enbridge stock currently. That is, assuming the dividend stays the same (doesn't get larger or smaller). Finding such a blue-chip, mega-cap stock in the market today is nearly impossible.

Accordingly, for fiscally conservative investors, Enbridge stock remains a complete gem. This company provides extremely stable cash flows, which are only expected to increase as Line 3 is brought up to speed. Indeed, from an income perspective, this stock checks all the boxes.

Sure, Enbridge stock is not necessarily a growth stock by any stretch of the imagination. Rather, I view Enbridge as a commodities-based hedge, or a company providing extreme defensiveness and stability. In good times, stocks like these can lag. However, if we do encounter some period of volatility on the horizon, I think Enbridge is a stock that could outperform the market by a wide margin.

## Bottom line

With a company like Enbridge, investors need to remember to take into consideration the total return of a given investment. Enbridge stock won't provide mind-numbing capital appreciation. However, this is a stock that will provide excellent dividend income and conservatively preserve one's wealth over time. That's good enough for many investors and is an approach that many aggressive investors should consider today.

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1. Dividend Stocks
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