



## RRSP Investors: 1 Top TSX Stock to Buy Now Before the Q3 Earnings Results

### Description

Investors who missed the rally in **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) this year are wondering if the stock might still be a good buy for a self-directed RRSP.

### Enbridge overview

Enbridge is a giant in the North American energy infrastructure sector with a [market capitalization](#) of \$105 billion.

The company moves a quarter of all the oil produced in the U.S. and Canada and transports 20% of the natural gas consumed in the United States.

Enbridge recently completed its Line 3 Replacement Project. The process took eight years, but Enbridge can finally run at full capacity on the 1,765 km route that connects oil producers in Alberta to refineries in the U.S. Midwest. At a rate of 760,000 barrels per day, the line will drive reliable cash flow for years.

The timing is fortuitous for Enbridge and its investors. Fuel demand continues to rebound after the 2020 crash and is set to rise even more in 2022, as commuters start driving back to work and airlines aggressively increase capacity. Refineries use crude oil feedstock to produce jet fuel, gasoline, diesel fuel, and other products.

Enbridge continues to seek out strategic acquisitions to boost growth. The company recently spent US\$3 billion to buy an oil export facility in Texas. A 20% interest in the Cactus II Pipeline, which has capacity of 670,000 barrels per day, is part of the deal. The move advances Enbridge's Gulf Coast export ambitions as well as its access to prime U.S. oil production plays in the Permian and Eagle Ford basins.

Enbridge's natural gas transmission and renewable energy divisions continue to grow, and capital projects in these groups will likely drive the bulk of organic growth in the coming years.

## Dividends

In December last year, Enbridge announced a 3% dividend increase for 2021. The decision helped ease concerns in the market that the company might be forced to cut the payout. Enbridge is set to report Q3 2021 results on November 4. The board might decide to announce a distribution increase at that time rather than waiting for the end of the year.

The current quarterly distribution is \$0.835 per share. That's good for an annualized yield of 6.4% at the time of writing.

## Risks

Enbridge and the rest of the energy infrastructure industry face an uphill battle to get major new pipelines approved and built. As such, major growth projects are likely finished. Enbridge is also battling with a challenge in Michigan where the governor wants to close its Line 5 Pipeline.

Rising interest rates in the next few years could be a headwind for the share price. As returns on GICs rise, investors might switch from dividend stocks.

These are important items to consider when evaluating the stock. However, Enbridge will continue to find smaller projects across the asset portfolio that can be easily built. The natural gas and renewable energy groups should offer strong growth prospects. At the same time, Enbridge has the financial clout to make acquisitions to boost growth. Interest rates will increase, but it will be a long time before a GIC is comparable to the yield you get from Enbridge.

## Should you buy Enbridge stock now?

Enbridge looks attractive at the current share price of \$52.20. The completion of the Line 3 project and the revenue from the new oil platform might enable the board to boost the dividend by at least 5% for 2021. In the event a decent dividend hike is announced with the Q3 2021 results, the stock could catch a new tailwind.

If you like the energy infrastructure segment, this stock deserves to be on your buy list.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

### PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

#### **PP NOTIFY USER**

1. aswalker
2. kduncombe

#### **Category**

1. Investing

#### **Date**

2025/07/26

#### **Date Created**

2021/11/03

#### **Author**

aswalker

default watermark

default watermark