



Enbridge Stock: A Long-Term Holding to Never Sell

Description

As far as the best [dividend-paying](#) stocks go, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is one company worth considering. Indeed, when I look at Enbridge stock, there's a lot to like about the company's defensive profile and, of course, its dividend yield.

This is one of the largest energy pipeline companies in North America. Given the concern consumers are having over rising gas prices, Enbridge stock may actually be in the sweet spot of the fossil fuel space, for now.

Let's dive into a few reasons why investors may want to consider buying Enbridge stock and never selling.

Bright prospects for Enbridge stock long term

The global crude market has recovered significantly from the slump it witnessed in 2020 due to falling demand. Enbridge now seems to be a low-risk investment with excellent upside potential. Accordingly, I stand with the analysts on this one in suggesting Enbridge could post annual growth of 10% a year, along with its 6% dividend yield.

Of course, much of this bullish outlook depends on energy prices remaining strong. However, on this front, I think there's reason to be bullish as well.

Demand has rebounded significantly and appears to be structural in nature. Growth in energy consumption is not likely to stop. And while renewables will certainly make up a bigger and bigger slice of the pie, Enbridge is working its way into this sector as well.

Accordingly, I view Enbridge as a company that will slowly make the transition to renewables over time in lockstep with the broader economy. This company's cash flows are not likely to take a big hit anytime soon, and I view this as a multi-decade-long investment at these levels.

Stable cash flow generation

One of the reasons I like Enbridge stock is the company's business model. Enbridge's cash flows have shown stability through various business cycles. The company makes money via energy transportation services, which have proven to be very stable over time. Additionally, the company has an expanding clean energy and energy storage business I think is extremely intriguing.

Accordingly, this is a company that's in the sweet spot right now, in my view. Enbridge stock will benefit from rising energy demand in the near term. However, over the longer term, this company has the cash flow and capital to invest heavily in transforming its business to one that's more aligned with where the market is headed.

Highly attractive dividend

Finally, there's that extremely attractive dividend yield we need to talk about. Currently, Enbridge stock [yields 6.3%](#) — a whopper of a yield for any stock. Compared to its peers, this yield is high. However, compared to where bonds trade at right now, Enbridge stock blows other income plays out of the water.

Of course, this yield is made possible via the company's extremely stable core business. A utilities-like cash flow model is extremely bullish for long-term investors seeking steady dividend income from a stock. When that stock pays in excess of 6% a year, it certainly becomes much more intriguing.

I think there are simply too many reasons why long-term investors should not ignore Enbridge stock right now. For me, it's a core portfolio holding. And I don't think I'll ever sell.

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