



Enbridge Stock: A Dividend-Rich Pipeline Stock to Watch Now

Description

Canadian energy stocks have really heated up over the past few years! The dividend-rich pipeline stocks, in particular, are looking quite intriguing now that industry tailwinds are blowing in full force. Now, midstream firms are less sensitive to underlying commodity price fluctuations, but they still benefit from robust demand. With the Ukraine-Russia crisis seemingly getting worse by the day, the demand for domestic energy transportation has arguably never looked this [robust](#).

Time to consider dividend-rich pipeline stocks like Enbridge?

Undoubtedly, the U.S. release of oil reserves has caused some [cooling](#) in the high price of oil. And with various producers ramping up, oil prices could continue to descend closer to that US\$80-\$90 level. Even as oil prices fall to a normalized price below US\$100, the pipelines will still benefit as more liquids (or gases) will be needed across the continent.

Arguably, I'd rather be in the pipeline stocks than the producers, given they're less influenced by near-term movements in commodity prices. Further, they generate ample amounts of free cash flow. The only issue may be regulatory roadblocks in front of new cash-flow-generative projects. Still, with high barriers of entry and other attributes, the top pipeline plays seem like very attractive names to watch for those seeking value and dividend growth over a prolonged period of time.

Pipeline stocks rich with cash flow and dividends

In this piece, we'll have a closer look at one top dividend heavyweight in the midstream energy space that can not only help you build wealth but can also help you keep your portfolio's head above water as the choppy market waters continue through 2022 and 2023. With a recession potentially in the cards for mid-2023 or early-2024 (it seems unlikely in 2022, given the U.S. yield curve just inverted), it's value and sustainable dividend payers you'll want to hold, as we move through this inflationary storm that may evolve to become somewhat stagflationary.

Without further ado, consider **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). The top Canadian pipeline stock

looks cheap, with the means to outperform the broader **TSX Index** over the next few years.

Yes, pipeline stocks like Enbridge aren't cutting edge by any means. But they do generate ample amounts of real cash and could benefit from a continued rotation out of speculative sales growers back into the firms that generate real earnings.

Enbridge stock: momentum and dividends together!

Enbridge stock is a dividend play most Canadians are familiar with. The stock boasts an enviable dividend near 6%. Best of all, it's a sustainable payout. Indeed, the dividend alone can help Canadian investors make it through inflationary times. By holding cash, you'll get dinged by around 6% (the current rate of inflation in Canada). But with shares of ENB, you can retain your purchasing power and even a bit more as the stock continues its ascent.

Up nearly 20% year to date, Enbridge is feeling the impact of higher commodity prices, which in turn, brings forth the demand for increased energy transportation. Over the coming months, count me as unsurprised if Enbridge hits a new all-time high at around \$65 per share, as it finally feels what it's like to have industry conditions working for and not against it.

At around 21 times trailing earnings, Enbridge is historically pricy. Still, given the magnitude of dividend growth that could be on the horizon (think high double-digit annual dividend growth), the price of admission seems more than worthwhile in my books.

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