



Why Enbridge Stock Just Posted its Biggest Weekly Loss in Over 2 Years

Description

What happened?

The shares of **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) plunged by 9.4% last week to settle at \$52.71 per share — its lowest closing level since February 2022. With this, ENB stock registered its biggest weekly loss since March 2020, when a sudden steep decline in the demand for energy products due to the global pandemic triggered a massive [energy sector](#)-wide selloff. With this, Enbridge shares are now trading with only 6.7% year-to-date gains.

So what?

Last week, the U.S. Federal Reserve stepped up its fight against inflation by hiking the key interest rate by three-quarters of a percentage point. The American central bank's this move came after the country's inflation hit its highest level in over four decades. The Federal Open Market Committee also [stated](#) that "the committee is strongly committed to returning inflation to its 2% objective," indicating more such aggressive rate hikes in the near term.

While it's debatable how many more such aggressive interest rate hikes may take for the central bank to control inflation, the move sparked investors' worries about a looming recession. In times of recession, the global demand for energy products tends to take a big hit. This could be one of the key reasons why the Canadian energy sector witnessed a massive selloff last week, taking Enbridge stock down by more than 9%.

Similarly, emerging demand worries also drove the WTI crude oil futures down by nearly 8.5% last week. Dropping oil prices will likely trim oil producers' profitability in the coming quarters. While Enbridge is not an oil producer, its energy infrastructure and transportation business is mainly sensitive to volumes and the demand for energy products.

Now what?

Enbridge has been one of the most reliable stocks on the TSX for years. Notably, the energy transportation company has consistently been increasing its dividends for the last 27 years.

While the recent fears about a potential recession have driven an energy sector-wide decline, it's nearly impossible for anyone to accurately predict a recession. Given that, long-term income investors may consider the recent sharp drop in ENB stock as an opportunity to buy this Dividend Aristocrat at a big bargain. At the current market price, Enbridge offers an attractive dividend yield of around 6.6%.

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Date

2025/09/01

Date Created

2022/06/20

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