



Tax-Free Passive Income: 1 Top TSX Dividend Stock to Buy Now in a TFSA

Description

The [market correction](#) in 2022 is finally giving retirees and other TFSA investors a chance to buy top TSX dividend stocks at [undervalued](#) prices for portfolios focused on generating steady and growing tax-free passive income.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) went through a transition before the pandemic that cleaned up the balance sheet and streamlined the corporate structure. The result of the roughly \$8 billion in asset sales and the purchase of four subsidiaries left the company in good shape to navigate through the toughest part of the past two years.

In fact, Enbridge managed to deliver strong enough results in 2020 and 2021 to enable it to raise the dividend each year. The rebound in oil demand and continued recovery in fuel usage bodes well for Enbridge in 2022 and beyond.

Opportunity

Enbridge's oil pipelines move 30% of the oil produced in Canada and the United States. Tight market conditions will persist for some time and the higher prices will entice North American producers to start increasing output. Pressure to limit emissions will keep a lid on major new development projects, but the need to fight inflation is the number one political focus today and governments are realizing that moving from oil to renewable energy is going to take time. Oil exports from the United States are growing, and Enbridge is taking advantage of the trend. The company purchased an oil export terminal in Texas for US\$3 billion last year. The facility shipped 20% of all U.S. oil exports in Q1 2022.

Natural gas shortages in Europe due to cuts in supplies from Russia are driving up prices and forcing European countries to seek out new and reliable sources of liquified natural gas (LNG). Canada and the United States have abundant gas supplies that are cheap to produce. The United States is already ramping up LNG deliveries. Enbridge recently announced plans to build two new pipelines to feed

natural gas to LNG sites on the U.S. Gulf Coast. The company transports 20% of the natural gas used in the United States and has natural gas distribution utilities in Canada that supply millions of homes and businesses with the fuel.

Looking ahead, Enbridge sees opportunities in hydrogen and carbon-capture hubs. At the same time, the renewable energy group that operates solar, wind, and geothermal facilities continues to expand. Enbridge can also take advantage of its \$112 billion market capitalization to make strategic acquisitions to drive growth.

Is Enbridge stock a good buy?

The stock is down from \$59.50 in early June to the current price around \$55. The dip is a good opportunity to buy ENB stock at an attractive price. Investors can now lock in a solid 6.25% dividend yield.

Enbridge raised the dividend in each of the past 27 years. Management is targeting average annual distributable cash flow growth of 5-7% through at least 2024, so the dividend increases should continue at a steady pace.

If you have some cash to put to work in a self-directed TFSA focused on passive income, this stock deserves to be on your radar.

CATEGORY

- 1. Dividend Stocks
- 2. 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. Dividend Stocks
2. Investing

Date

2025/07/19

Date Created

2022/07/25

Author

aswalker

default watermark

default watermark