



## Retirees: 1 High-Yield Dividend Stock to Buy Now for Passive Income

### Description

Retirees and other investors seeking passive income can take advantage of the [market correction](#) to buy top [TSX](#) dividend stocks at undervalued prices. The pullback is now driving up dividend yields to attractive levels on great Canadian stocks.

### Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) trades for less than \$54 at the time of writing compared to more than \$59 in June. The pullback appears overdone given the ongoing recovery in the oil and natural gas sector and the nature of Enbridge's revenue stream.

Enbridge operates vast oil and natural gas transmission networks that play an integral role in the smooth operation of the Canadian and U.S. economies. Businesses rely on the timely delivery of oil, natural gas, propane, jet fuel, diesel fuel, and gasoline produced by refineries. Homes need natural gas, propane, and heating oil to keep the building warm, heat water, or cook food.

Enbridge moves 30% of the oil produced in Canada and the United States and 20% of the natural gas used by Americans. In addition, Enbridge owns natural gas utilities that directly supply the fuel to millions of customers. Finally, Enbridge has a growing renewable energy business with solar, wind, and geothermal operations.

Getting new major oil pipelines approved and built is nearly impossible these days. That means the existing infrastructure should increase in value.

### Opportunities

Looking ahead, Enbridge is focusing new capital investments on export opportunities and the emerging hydrogen and carbon-capture sectors. Enbridge spent US\$3 billion last year on an oil export platform and related pipeline infrastructure in Texas. In Canada, Enbridge recently announced a deal to take a 30% ownership position in the \$5.1 billion Woodfibre liquified natural gas (LNG) facility being built in

British Columbia. The company is also investing in new natural gas pipelines to deliver the fuel to LNG sites in the United States.

Carbon capture is becoming popular as high-emitters look for solutions to meet net-zero targets. Enbridge is already working with clients in Canada to build a carbon-sequestration hub. The company is also involved in hydrogen projects. This could be a large driver of growth in the coming years. Germany just announced a “hydrogen alliance” with Canada. The goal is to produce hydrogen in eastern Canada for shipment to Germany.

Enbridge already has a hydrogen blending project in operation in Markham, Ontario. The facility injects clean hydrogen into the natural gas distribution network to lower the carbon footprint.

## Dividends

Enbridge is working on a \$13 billion capital program that will boost revenue and cash flow to support dividend growth. The company can also take advantage of its size to make strategic acquisitions. Enbridge raised the dividend in each of the past 27 years. The current distribution provides an annualized yield of 6.4%.

Enbridge is a good high-yield stock to buy if you like the energy sector but don't want to take on the volatility that comes with owning the oil and natural gas producers.

## The bottom line on top stocks to buy for passive income

Enbridge pays an attractive dividend that should continue to grow for years. If you have some cash to put to work in a TFSA focused on passive income this stock deserves to be on your radar. The **TSX Index** is home to many top dividend stocks that now look oversold.

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