Market Selloff: Enbridge (TSX:ENB) Could Be the Best Dividend Stock to Buy on the Dip

Description

The Canadian stock market selloff intensified last week after the U.S. Federal Reserve continued to raise interest rates for the fifth time this year to tame inflation. Rapidly rising interest rates have reignited the debate about a looming recession, hurting investors' sentiments and triggering a market-wide selloff.

Buying opportunities amid the market selloff

Fears of slowing global economic growth have also pushed commodity prices downward in the last few months, which have led to a sharp correction in some high-yielding dividend energy stocks in Canada lately. On the positive side, the recent correction in dividend stocks could be an opportunity for long-term investors to add some fundamentally strong stocks to their portfolios at a big bargain. Let's take a closer look at one such commodity-linked Canadian dividend stock I find worth buying amid the ongoing market selloff.

Enbridge stock

If you don't know it already, **Enbridge** (TSX:ENB)(NYSE:ENB) is a Calgary-based energy transportation and infrastructure firm with a market cap of about $104.6 billion. Its large gas transmission network supplies nearly 20% of the total natural gas consumed in the United States. Also, its liquids pipelines are responsible for nearly 30% of North America's total crude oil transports and exports.

At the current market price of $51.14 per share, this Canadian energy stock offers an attractive annual dividend yield of around 6.7%. More importantly, Enbridge's excellent dividend-growth track record makes it one of the most appealing dividend stocks to own for long-term investors. Notably, the company has consistently been increasing its dividend for the last 27 years — clearly reflecting the underlying strength in its balance sheet and cash flows.

More reasons to buy this dividend stock now

In 2020, the global pandemic-related restrictions affected the entire energy industry. As a result, Enbridge's sales growth rate that year fell to 16% YoY (year over year) from 33% in the previous year. Nonetheless, it was still among a handful of energy companies that continued to post double-digit adjusted earnings growth in 2020.

As the demand and prices for energy products recovered sharply the next year, Enbridge reported a handsome financial recovery, as its 2021 revenue rose by 36% YoY, while its earnings jumped by 21% from a year ago. Despite the ongoing macroeconomic concerns, Street analysts expect the company to maintain a positive top- and bottom-line growth trend in 2022.

Apart from its consistently growing core energy transportation business, Enbridge has also increased its focus on diversifying its revenue streams in recent years by exploring opportunities in the renewable energy segment. Currently, its renewable energy asset portfolio is spread across four countries, with about 48 assets in operation and under construction. These efforts should help Enbridge leverage its existing capabilities to continue delivering low-risk equity returns in the long run.

Bottom line

Despite all these positive factors, Enbridge's stock price has fallen by 10% in the last month due mainly to temporary macroeconomic concerns, making it look cheap. Given that, it could be the right time for investors to buy this reliable Canadian dividend stock to hold for the long term.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred

6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. jparashar
2. kduncombe

Category

1. Energy Stocks
2. Investing

Date
2025/08/17
Date Created
2022/09/27
Author
jparashar