The Best Energy Dividend Stock for a Decade of Passive Income

Description

Growing macroeconomic concerns due mainly to high inflation, rapidly rising interest rates, and geopolitical tensions have started haunting Canadian investors lately. These are some key reasons that have driven the **TSX Composite** benchmark down by 10% so far in 2022. In difficult economic times such as these, creating a reliable source of passive income seems like a lot of work. However, this might not be as difficult a task as it appears at first.

If you invest in some dividend stocks with strong fundamentals right now, you can easily start earning stable passive income and get strong returns on your invested money when the share prices of the stock you pick increase.

In this article, I'll highlight one such quality Canadian dividend stock that you can add to your portfolio to keep earning passive income for decades.

The best Canadian dividend stock for passive income

When you're investing for long-term passive income, you should try to pick stocks from an industry with a strong demand outlook. Considering the recent changes in the demand and supply equation of various energy products, I find dividend stocks from the energy industry really attractive. And speaking of the best dividend stock from the Canadian energy sector, **Enbridge** (TSX:ENB) could be worth considering.

This Calgary-based energy transportation and infrastructure giant currently has a market cap of $104.3 billion, as its stock trades with 5% year-to-date gains at $51.89 per share. At the current market price, Enbridge stock offers an impressive dividend yield of around 6.6%.

Reasons to buy this passive-income stock now

If you invest about $50,000 in Enbridge stock right now, you can expect to earn roughly $3,315 in passive income each year, which is equivalent to roughly $276 per month. Another key factor that makes it a great stock pick for reliable passive income is its strong fundamentals, excellent track record of delivering superior shareholder value, and consistent dividend growth.

Interestingly, Enbridge has been increasing its dividend per share for 27 years in a row with the help of its consistent earnings growth and strengthening financial position. In the five years between 2016 and 2021, its adjusted earnings jumped by 21.2% with the help of a 36.2% increase in its total revenue.

I expect its dividend growth to continue in the long run, as the Canadian energy firm continues to focus on advancing the U.S. gulf coast strategy, which should help accelerate its financial growth trends. In addition, Enbridge's growing investments in the renewable energy segment should make its long-term growth prospects look even more attractive. Despite improving fundamental outlook, this Canadian dividend stock has seen a 9.5% value erosion in the last two months, making it undervalued and a buy on the dip.

Bottom line

Clearly, these factors make Enbridge one of the best dividend stocks in Canada to buy now for the long term, which can let you earn reliable passive income. However, instead of relying on a single stock, long-term dividend investors should always consider diversifying their stock portfolios by including more such quality stocks to it.

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