TFSA Investors: 2 Monthly Dividend Stocks Yielding up to 5.5%

Description

The S&P/TSX Composite Index finished the previous trading week on an understated note, rising only three points on June 7.

Futures look positive for North American markets on the morning of June 10, and indexes in Asia performed well to start the week. This came after the Trump administration moved to shelve its threat of tariffs against Mexico, having successfully extracted concessions on southern border security. The prospect of a U.S. Federal Reserve rate cut has also boosted investor sentiment.

This is good news as we await the official beginning of summer, and income-oriented investors still have some attractive options right now. A softening rate picture has led to a bond yield bloodbath, which has garnered interest in income-yielding equities. Today, we are going to look at two dividend stocks that pay investors monthly. These two also offer an attractive blend of high income and promising potential, as the latter is technically oversold in what has turned into a bear market for oil.

Keyera

Keyera (TSX:KEY) is a Calgary-based company that operates as a midstream energy business. Shares have climbed 25.1% in 2019 as of close on June 7. The stock is still down 11.4% from the prior year.

In the first quarter, Keyera suffered a setback due to an unplanned outage at its Alberta EnviroFuels facility. This pushed down adjusted EBITDA to $164 million compared to $189 million in the prior year. Funds from operations dropped to $128 million over $161 million in Q1 2018. Still, Keyera projects strong earnings for the rest of the year on the back of higher fractionation fees and iso-octane margins, which it believes market fundamentals will support.

Keyera last announced a monthly distribution of $0.15 per share. This represents a strong 5.5% yield. The stock currently boasts a forward P/E of 18, which is a bit pricey relative to industry peers.

Enerplus

Enerplus (TSX:ERF)(NYSE:ERF) is a Calgary-based company that produces and develops crude oil and natural gas assets in Canada and the United States. Shares have plunged 18% over the past month as of close on June 7. Oil entered a bear market early this month, which has punished many oil-focused equities.

Enerplus increased its full-year 2019 production guidance in its first-quarter report to 97,000 to 101,000 BOE per day. With oil growth underway, the company projects liquids production to be 15% higher than the first quarter. Enerplus finished the quarter in a solid financial position with a net debt-to-adjusted-funds ratio of 0.5 times. The chief obstacle to its stock price appears to be the broader market. Oil bear markets have historically lasted 60 trading days on average.

Enerplus last paid out a modest dividend of $0.01 per share, which represents a 1.2% yield. However, the stock now boasts a forward P/E of nine, offering great value relative to industry. The stock had an RSI of 27 as of close on June 7, which puts it in technically oversold territory.

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2. TSX:ERF (Enerplus)
3. TSX:KEY (Keyera Corp.)

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