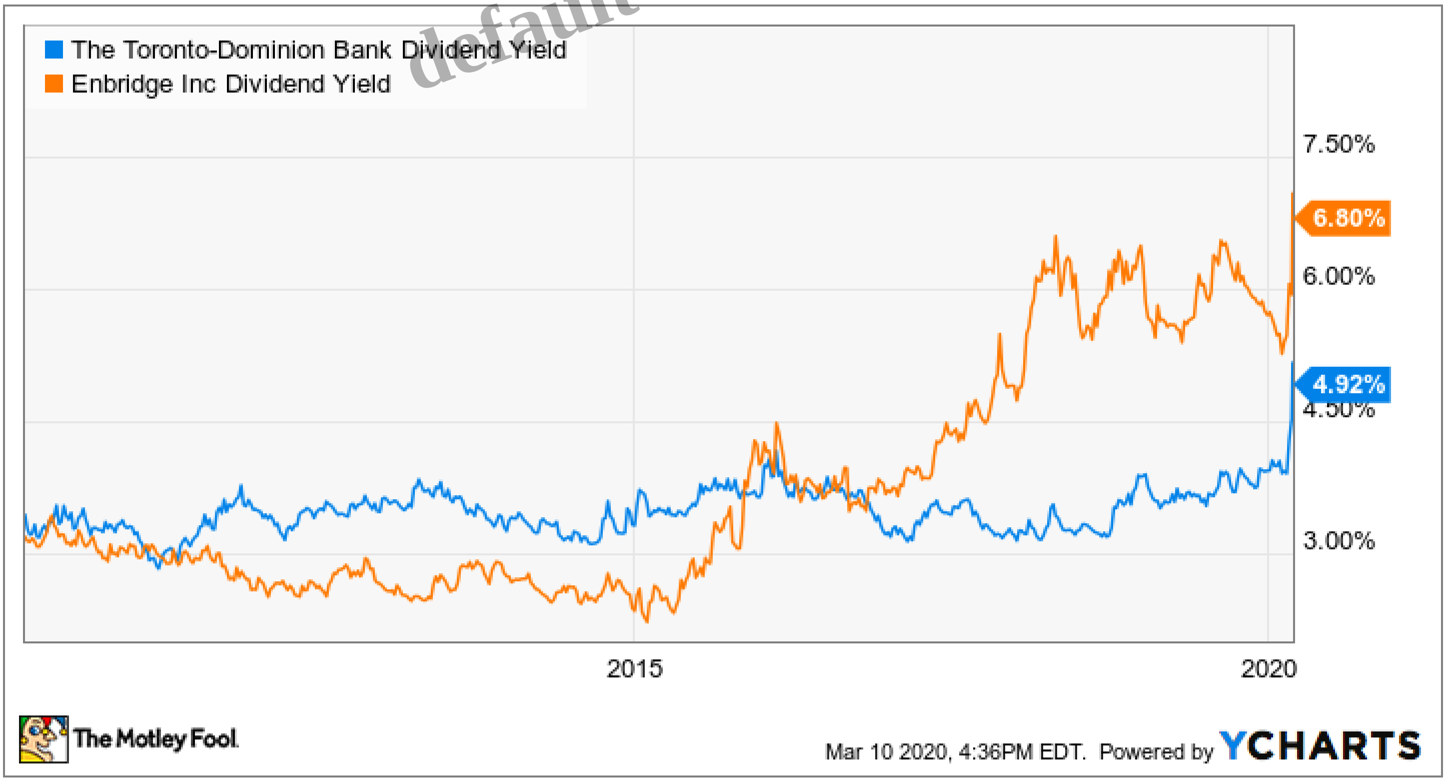
How to Generate $1,000 a Month in Dividends From Shares

Description

The increased stock market volatility has given rise to [buying opportunities in quality dividend stocks](#) for massive yields.

Today, investors can buy **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) stocks at their 10-year-high yields of 5.3% and 7.3%, respectively.



Data by YCharts.

You won't get rich by sitting on the sidelines. Now's a good time to deploy some of that idle cash for gigantic dividend income.

Why buy TD stock for dividend income?

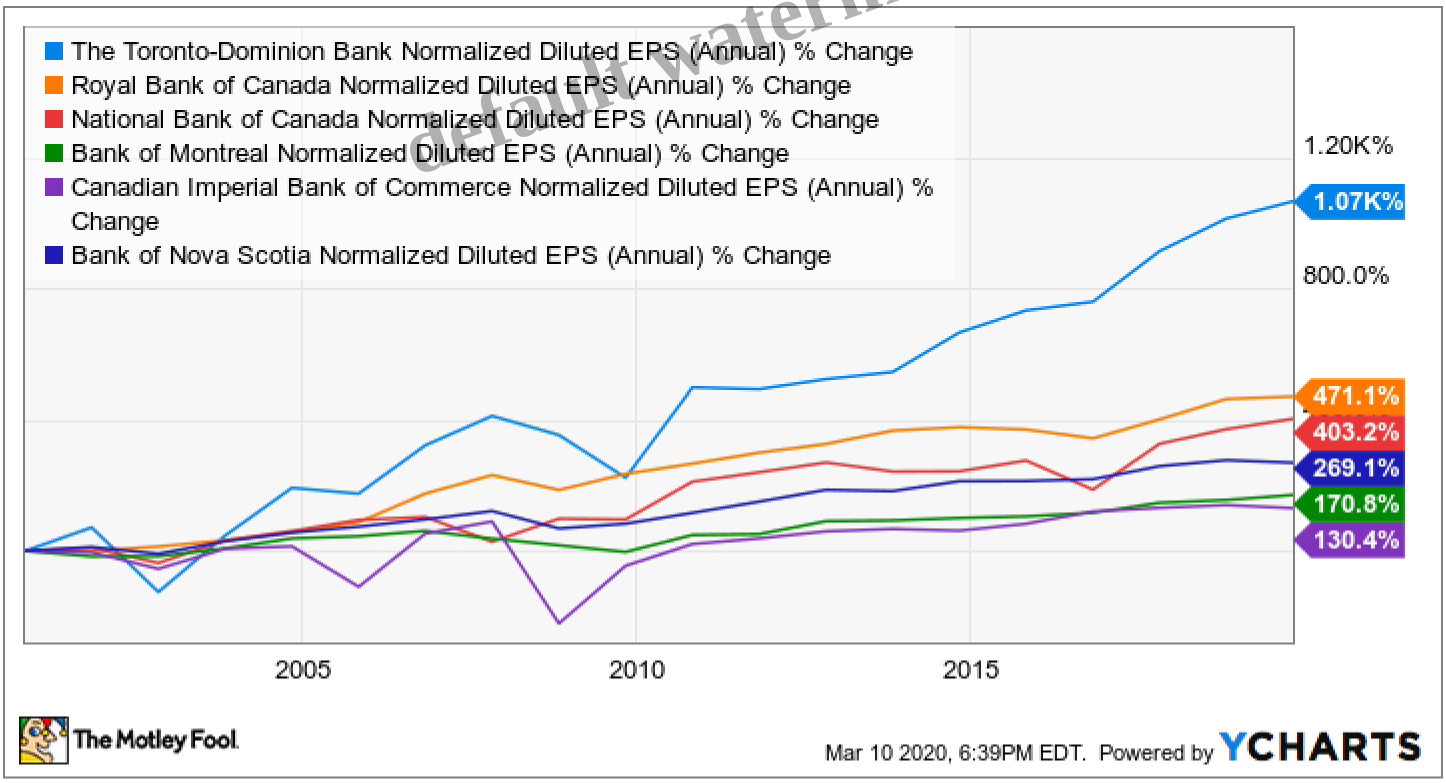
The stock market has corrected for multiple reasons, resulting in lower (perhaps even negative) economic growth in the short to medium term. This drove down the TD stock price.

The dividend stock saw a decent bounce of close to 5% yesterday. This suggests value, and income investors are stepping in to get a taste of that juicy dividend yield!

At $60 at writing, TD Bank stock is off by 20% from three weeks ago. It trades at a bargain valuation of nine times earnings — a discount of 25% from its long-term normal multiple.

Although earnings growth is expected to slow medium term, TD Bank can increase its earnings long term, as it's done for decades.

Below is a graph comparing the earnings-per-share growth of TD Bank to the other Big Six Canadian banks.



Data by YCharts.

If you invest in TD stock alone for a 5.3% yield, you'll need to buy about $226,415 worth of shares to get an income of $1,000 a month.

Why buy Enbridge stock for passive income

The oil price war between Saudi Arabia and Russia has driven oil prices off a cliff to US$34 per barrel at writing. All oil and gas producers lose out when oil prices are at such ridiculously low levels. Therefore, I don't expect oil prices to stay low for an extended time.

Enbridge offers resilience as the largest North American energy infrastructure company. Low oil prices don't affect the company as much as most other energy companies.

The Enbridge stock price has only fallen about 20% from a high versus an oil and gas producer like **CNQ** stock, which was shaved by almost half.

Since 2008, Enbridge has demonstrated that it generates stable or growing EBITDA (a cash flow proxy) through roller-coaster WTI oil prices. Its cash flows are largely predictable, because about 98% are regulated by long-term contracts.

Some are under cost-of-service contracts, for which Enbridge charges a cost for the transportation service plus a return on equity that's regulated. There's no commodity price risk for this type of contract, but there's volume risk. So, if some oil and gas producers decide to halt production, this portion of the cash flow will be reduced.

Some are under take-or-pay contracts, for which there's no commodity price or volume risks because shippers have to pay Enbridge a fee no matter if they use the pipeline capacity or not.

If you invest in ENB stock alone for a 7.3% yield, you'll need to buy about $164,384 worth of shares to get an income of $1,000 a month.

Investor takeaway

Between the two stocks, investors can get an average yield of 6.3%. To get $1,000 a month in dividends from them, you'll need to invest $190,476 equally in the stocks.

Don't just stop at two dividend stocks, though. If these dividend stocks can make Canadians near retirement wealthy, they can make you wealthy as well!

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2. NYSE:TD (The Toronto-Dominion Bank)
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