Passive Income: 1 High-Yield Canadian Stock to Watch Today

Description

Passive-income investors have a lot of options today, with many high-yield Canadian stocks still down and out, even amid the TSX Index's latest bounce. Undoubtedly, growth stocks have been all the rage over the past few years. With higher inflation and a potential rise in rates that could be in the cards over the next year or so, we very well could see a return to value. Indeed, the rolling corrections experienced this year may not be over with yet. Although it's hard to tell when markets will finally correct (by at least 10%), stock pickers should be on alert, as there's a lot of volatility and sector-based corrections going on behind the scenes. Indeed, there has never been a better time to be a self-guided stock picker.

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In this piece, we'll have a look at high-yield Canadian stocks to help one build enough passive income to mitigate today's higher prices. Undoubtedly, all the hype has pointed to the cryptocurrency markets. They may or may not be great stores of value over the long haul. And it's a mystery as to how long they'll continue outshining gold.

Regardless, I think crypto and gold are worth nibbling, but not with a double-digit percentage of one's overall wealth. Warren Buffett isn't a fan of unproductive assets. He doesn't touch crypto, and he hasn't gotten back into gold mining stocks after dabbling with them briefly back in 2020. He'd much rather get paid for his patience in the form of a dividend or, at the very least, a chance at obtaining solid capital gains in return for risks taken on.

Getting paid to wait: Dividend stocks over gold and Bitcoin?

So, if you're like Warren Buffett and would rather own passive-income securities over gold, Bitcoin, Ether, or any other sort of cryptocurrency, please consider the following two high-yield Canadian stocks. Whether or not they're destined to outperform in the new year remains to be seen. But with prospective returns likely on the lower end for the duration of the decade, investors would be wise to insist on passive income that they'll get regardless of where broader markets end up heading next.

Moreover, such high-yield stocks may be a better bet than excessive cash hoards, although it is wise to ensure enough dry powder to do dip-buying when presented the opportunity. Why should one be wary of holding too much cash? High inflation will continue to eat out of your purchasing power. And if the correction or bear market that you're hoping to buy the dip one never happens, you'll pay the price at the hands of 4-7% inflation.

Passive income 101: Fighting inflation with growing dividend yields

Today, **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) looks like a great pick. Utilities have been out of favour of late, and with COVID disruptions weighing on the firm's growth plans, the stock has been punished severely. The stock is down 20% from its all-time high. I think it's a significant buying opportunity for those looking for a huge dividend that's poised to grow at a solid rate for years at a time.

The green energy tailwind is still at play, and once investors appreciate value again, I suspect AQN stock could be in a spot to make a run back to its all-time high just shy of the $23 mark. In the meantime, investors can appreciate the nearly 5% yield at a valuation that looks too good to pass up (12.9 times trailing earnings). Nobody knows how long AQN will hang out at its 52-week lows, but I don't think it'll be very long, as inflationary pressures mount.

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