



Retirees: 2 Cheap Dividend Stocks to Buy Now for Monthly Passive Income

Description

Retirees and other investors focused on passive income can still find good stocks to buy today that appear [undervalued](#) and offer attractive dividend yields.

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) just announced that its CEO is leaving the firm to pursue other opportunities. The stocks dropped on the news, extending a recent slide from the 2021 highs. C-level management changes can cause some uncertainty, but the impact in this case shouldn't last long. The current CFO is taking over until the board chooses a new leader for the business.

Pembina Pipeline is a key player in the midstream sector of the Canadian energy industry. The company provides oil and gas producers with a variety of services, including pipelines, natural gas gathering, gas processing, and logistics. Pembina Pipeline also has propane export facilities and is pursuing a number of partnerships that include a possible LNG facility and a carbon-sequestration development.

The rebound in the energy sector in 2021 should lead to increased capital investments in the next few years, as producers look to capitalize on high oil and natural gas prices. Pembina Pipeline reported solid results for Q3 2021, and the Q4 numbers should be decent as well.

Pembina Pipeline pays a monthly dividend of \$0.21 per share. At the current share price near \$41 investors get a 6.15% dividend yield. The shares traded as high as \$43 earlier this month, so investors have a chance to buy Pembina Pipeline on a bit of a dip.

TransAlta Renewables

TransAlta Renewables ([TSX:RNW](#)) owns or has interests in 27 wind farms, 13 hydroelectric facilities, eight natural gas power facilities, 21 solar sites, a natural gas pipeline, and a battery storage project.

TransAlta Renewables recently purchased a 12 MW portfolio of 20 solar facilities in North Carolina. The project will add annual EBITDA of about US\$9 million. TransAlta Renewables also recently completed its Windrise project. The site is expected to contribute annual EBITDA of \$20 to \$22 million starting in 2022.

Consolidation in the renewable energy sector is expected to continue in the coming years, and TransAlta will likely be active, as it seeks to grow revenue and cash flow.

The stock trades below \$19 per share at the time of writing compared to the 2021 high near \$24.50. Unplanned downtime at a gas-fired power plant, reduced wind activity, and problems with tower foundations at a wind facility in New Brunswick have put pressure on revenue and cash flow this year. For the first nine months of 2021, comparable EBITDA fell \$7 million compared to the same period in 2020.

The operational challenges are frustrating, but should get sorted out in the coming months. New assets will help offset the drop in cash flow from the downtime at the wind facilities that need to be repaired.

As such, the stock selloff appears overdone, and the shares now offer an annualized yield of about 5%.

The bottom line on top stocks for passive income

Pembina Pipeline and TransAlta Renewables pay generous monthly dividends that offer attractive yields. The stocks look cheap right now and should be solid picks for a buy-and hold portfolio focused on passive income.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)
3. TSX:RNW (TransAlta Renewables)

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