Where to Invest $1,000 Right Now

Description

In this year's holiday season, consumer spending could be higher than in 2020. According to Accenture Canada, it could be 23% more because Canadians have robust savings. However, it would be wise to control spending despite the larger budgets because an inflationary period will kick in soon.

Purchasing power could be less in 2022 due to rising inflation. If you anticipate a financial crunch, prioritize investing over spending. Instead of spending more, invest some of your money in dividend stocks. You can allocate $1,000 to purchase shares of **Imperial Oil Limited** (TSX:IMO) or **Emera** (TSX:EMA) to generate income.

Both stocks are excellent providers of passive income. You can start with a small capital or $1,000, reinvest the dividends, and accumulate more shares as you go along. Your tiny investment will compound over time to produce a financial cushion if need be.

Extensive dividend track record

Imperial Oil is suitable for income investors because of its dividend track record, 140 years. The $29.56 billion petroleum company is Canada's second-largest integrated oil company. Also, American oil giant, **Exxon Mobil**, has a 69.6% ownership stake.

In Q3 2021, Imperial Oil reported its highest third-quarter production in more than 30 years, thanks to surging oil prices. Likewise, the company achieved a near-record quarterly production in its Kearl oilsands mine (274,000 barrels per day). More importantly, net income rose 30,166.7% to $908 million versus Q3 2020.

In the nine months ended September 30, 2021, net income reached $1.166 billion compared to the $711 million net loss in the same period last year. The cash flow from operating activities increased 697.5% year-over-year to $3.84 billion. Brad Corson, Imperial Oil's CEO, said the market-driven rebound in oil prices wasn't the only factor for the solid quarterly results.

The company did well, operationally and financially, because of successful cost-cutting measures and improving reliability at Imperial Oil's sites. Corson adds such moves should benefit the company in the long-term, regardless of oil price movements.

Imperial Oil also plans to build a renewable diesel facility, although there's no final investment decision yet, says Corson. However, expect the project to generate significant value for the energy stock and its shareholders if it pushes through. You can partake of the safe 2.52% dividend if you invest today ($42.50 per share).

Rock-steady

Emera in the utility sector offers capital protection and growing dividends. The $15.8 billion company is an energy leader in North America. Its portfolio consists of high-quality utility assets. Management's promise of 4% to 5% annual dividend growth through 2024 is the compelling reason to invest in this recession-resistant stock.

The guidance is achievable, given the $7.4 billion capital investment plan for 2021 to 2023. Emera forecasts its rate base to grow between 7.5% and 8.5% in four years. The rate base should increase by 6% this year with the more than $2 billion investments thus far.

Scott Balfour, Emera's President and CEO, said, "We are well-positioned to continue to deliver growth and value for our customers, communities and shareholders." Don't expect much on price appreciation ($61.10 per share), although the 4.42% dividends should be rock-steady.

Necessity in 2022

Earning passive income is a necessity next year. Dividend investing is your way to fight off inflation and preserve purchasing power.

CATEGORY

1. Dividend Stocks
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1. TSX:EMA (Emera Incorporated)
2. TSX:IMO (Imperial Oil Limited)

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