3 Cheap Dividend Stocks to Boost Your Passive Income

Description

With the strengthening of commodity prices and easing concerns over Omicron, the Canadian equity markets have bounced back strongly from last month's lows, with the **S&P/TSX Composite Index** trading just 1.1% lower from its all-time high. With the Federal Reserve expected to raise interest rates this year, I expect the volatility in the equity markets to continue. So, given the uncertain environment, investors can buy the following three Canadian stocks to strengthen their portfolios and earn stable passive income.

Suncor Energy

With OPEC+ countries struggling to increase their productions amid technical issues, oil prices have increased to over US$85 per barrel. Meanwhile, analysts expect oil prices to rise further and reach US$100 per barrel this year. Higher oil prices could benefit oil-producing companies, such as **Suncor Energy** (TSX:SU)(NYSE:SU). Since the beginning of 2021, the company's stock price has increased by 72.4%. Despite the surge, the company is still trading at a significant discount from its pre-pandemic levels. Also, its valuation looks attractive, with its forward price-to-earnings multiple at 8.1.

Meanwhile, Suncor Energy has also planned to increase its production by around 5% this year. Production growth, increased refinery utilization, and cost-cutting initiatives could boost its financials in the coming quarters. So, its dividend is safe. Meanwhile, Suncor Energy currently pays a quarterly dividend of $0.42 per share, with its forward yield standing 4.65%. So, given the favourable environment, growth initiatives, and healthy dividend yield, I am bullish on Suncor Energy.

TC Energy

My second pick would be **TC Energy** (TSX:TRP)(NYSE:TRP), which has been raising its dividend for the last 21 years at a CAGR of over 7%. With the company earning around 95% of its adjustedEBITDA from long-term contracts or regulated assets, it generates stable cash flows, which hasallowed it to increase its dividend consistently. Meanwhile, its forward dividend yield currently stands ata juicy 5.47%.

Meanwhile, TC Energy is continuing its $29 billion capital program, with most of its projects underpinned by long-term, cost-of-service, or take-or-pay contracts. Given its optimistic outlook, the management expects its adjusted EBITDA to grow at a CAGR of 5% over the next five years. So, I believe the company is well equipped to continue with its dividend growth. Also, it trades at an attractive forward price-to-sales multiple of 15.

Keyera

Last year, **Keyera** (TSX:KEY) outperformed the broader equity markets, with returns of 36%. However, it is still trading at a discount from its pre-pandemic levels. Also, its valuation looks attractive, with its forward price-to-earnings multiple standing at 17.1. Meanwhile, I expect the upward momentum could continue, given the rising energy demand, its investments in expanding its asset base, and cost-cutting initiatives.

Keyera expects to make capital investments of $560 million this year, expanding its asset base. It is also progressing with the construction of the KAPS pipeline project, which could become operational in early 2023. Along with these initiatives, its strong underlying regulated business could continue to drive its cash flows. Given its growth potential and strong liquidity of $1.4 billion, the company could continue to raise its dividend in the coming years. Since 2008, it has increased its dividends at a CAGR of 7%, with its forward yield currently at 6.69%. So, I believe Keyera would be an excellent addition to your portfolio.

CATEGORY

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