



Passive Income: How to Earn \$10/Day in 2022

Description

We can see that rising inflation rates will have a negative impact on the purchasing power of investors in 2022. Further, the threat of interest rate hikes as well as supply chain disruptions might result in an extremely volatile equity market in the near term.

So, it makes sense to secure an additional revenue stream in your investment portfolio. One way to create a passive-income stream is by investing in quality [dividend-paying stocks](#) such as **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) and **TransAlta Renewables** ([TSX:RNW](#)). Long-term investors will also benefit from capital gains over time, making dividend stocks a top bet in a turbulent market.

The bull case for Enbridge stock

Enbridge is a Canadian energy infrastructure giant that offers investors a forward yield of 6.2%. So, investing around \$30,000 in ENB stock will help you generate \$1,860 in annual dividends, amounting to a daily payout of over \$5.

Enbridge has increased dividends for 27 consecutive years and in 2021 it generated \$10 billion in distributable cash flow — an increase of 6% year over year. The company [continues to expand](#) its base of cash-generating assets, which, in turn, will drive dividend payouts higher going forward. At the mid-point of its guidance range, Enbridge might increase distributable cash flows by 8% in 2022, indicating a payout ratio of 64%.

It has already [secured capital projects](#) worth \$10 billion through 2024, which will enable Enbridge to increase cash flow per share between 5% and 7% in the near term. The company is also securing additional investment opportunities to extend its growth estimates. So, after accounting for dividend and interest payments, Enbridge has the flexibility to spend between \$5 billion and \$6 billion each year on acquisitions, buybacks, and expansion projects.

While its renewable energy business accounts for less than 5% of cash flows, Enbridge is making early-stage investments in renewable natural gas and hydrogen, which should lead to expansion opportunities in the upcoming decade.

Analysts tracking ENB stock have a 12-month average price target of \$56.25, which is 6.7% above its current trading price. After accounting for its tasty dividend yield, total returns will be close to 13%.

The bull case for TransAlta Renewables

One of the largest generators of wind power in Canada, TransAlta Renewables is valued at [a market cap](#) of \$4.52 billion and an enterprise value of \$5.2 billion. Its asset platform and operations span three countries that include Canada, Australia, and the United States.

Its assets located in the U.S. and Australia are held through an economic interest and the operational results of these assets are not consolidated in its balance sheet.

Analysts expect sales to rise by 31% to \$465.5 million in 2021 and by 3% to \$480 million in 2022. Comparatively, its adjusted earnings per share might rise from \$0.28 in 2020 to \$0.69 in 2022.

TransAlta Renewables offers investors a yield of 5.5%. Analysts also expect the stock to rise by 15% in the next year. So, after accounting for dividends, total returns may be over 20%. A total investment of \$65,000 equally distributed between the two stocks will allow you to generate \$3,800 in annual dividends.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:RNW (TransAlta Renewables)

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