Monthly Passive Income: 2 Canadian Dividend Stocks I'd Buy Before the Market Recovers

Description

Most high-growth stocks have seen a big crash in 2022, as investors remain worried about inflationary pressures and a potential recession affecting their growth prospects. Nonetheless, passive-income investors remain relatively safe, as most dividend stocks continue to trade in the green territory on a year-to-date basis.

Dividend stocks for monthly passive income

Such market conditions highlight why long-term investors must include some fundamentally strong dividend stocks in their portfolios. Quality dividend stocks can help investors generate reliable passive income, which they can choose to reinvest to significantly boost the potential of long-term return on investment. Let me quickly highlight two of the best Canadian dividend stocks you can buy today if you want to generate handsome passive income each month.

Pembina Pipeline stock

Pembina Pipeline (TSX:PPL)(NYSE:PBA) is an energy transportation and infrastructure company that primarily focuses on providing midstream services to the North American energy industry. Its stock fell by nearly 11% in June, but it still trades with 22% year-to-date gains at $46.72 per share. By comparison, the **TSX Composite** benchmark has lost more than 12% of its value this year so far.

After the global pandemic affected its business in 2020, Pembina Pipeline registered an outstanding financial recovery last year. Its adjusted earnings in 2021 stood at $1.99 per share compared to an adjusted net loss of $0.86 per share in the previous year. Growing energy demand and a higher price environment amid reopening economies helped the Canadian energy transportation firm post strong results. In the ongoing year, Street analysts expect its bottom line to continue improving with an expectation of a nearly 55% YoY (year-over-year) estimated increase in its 2022 earnings.

While these positive expectations might help this dividend stock continue soaring, it also rewards its investors with attractive monthly dividends. Pembina recently announced its July month dividend of $0.21 per share, which translates into around a 5.4% annual dividend yield.

Pizza Pizza Royalty stock

Pizza Pizza Royalty (TSX:PZA) is my second dividend stock pick for Canadian investors who want to earn reliable passive income. This Toronto-based food services industry firm indirectly owns nearly 624 Pizza restaurants and 103 Pizza 73 restaurants across Canada. PZA stock currently hovers around $12.60 per share after losing more than 10% of its value in the last three months, but it's still holding 5% year-to-date gains.

In the first quarter, Pizza Pizza Royalty registered a 13.6% YoY increase in its royalty pool sales, while its adjusted earnings for the quarter rose by 12.3% YoY. As the global pandemic-related restrictions continue to ease, the company's royalty pool sales and same-store sales growth rate are likely to improve further in the coming quarters, which should help its stock inch up. Moreover, Pizza Pizza Royalty is also continuing to focus on expanding its restaurant network across Canada after the lifting of COVID-driven mandatory restrictions on commercial construction.

Just like Pembina Pipeline, Pizza Pizza Royalty also distributes dividends each month. In June, the company announced a 3.8% increase in its monthly dividend, which translates into $0.81 per share annually with a solid 6.4% yield.

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3. TSX:PZA (Pizza Pizza Royalty Corp.)

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