



1 Canadian Energy Stock (With Monthly Dividends) I'd Buy Now and Hold Forever

Description

After consistently rising for months in a row, many fundamentally strong [energy stocks](#) have seen a sharp correction in the last few weeks. Given the strong business growth outlook for these energy companies, Canadian investors could consider buying quality stocks on the dip and holding them for the long-term to get outstanding returns.

Some [oil and gas stocks](#) also reward their investors with handsome monthly [dividends](#), allowing investors to generate passive income. Let's talk about one of the top Canadian energy stocks with high dividend yields I believe is worth buying right now.

One monthly dividend stock to buy and hold forever

Keyera Corp ([TSX:KEY](#)) is a Canadian energy infrastructure firm focused on raw gas gathering pipelines and processing plant segments. Its stock has experienced a roughly 8% value erosion in the last 30 days but continues to maintain 12% year-to-date gains. It's trading at \$31.67 per share — outperforming the broader market by a wide margin. By comparison, the **TSX Composite** benchmark has seen a 10% value erosion so far this year.

Spectacular post-pandemic recovery

In 2021, Keyera's total revenue [jumped](#) by 65.5% YoY (year-over-year) to around \$5 billion. Consistently rising demand for energy products amid reopening economies also drove a spectacular recovery in its 2021 adjusted earnings to \$1.40 per share. This reflected a 400% jump compared to its adjusted earnings of just \$0.28 per share in 2020. Last year, nearly 78% of Keyera's total revenue came from its home market, while its U.S. market accounted for the remaining 22%.

While many energy companies struggle to maintain YoY earnings growth this year after last year's sharp recovery, Street analysts expect Keyera to register a solid 32% increase in its 2022 earnings. The company's focus on accelerating the use of technology and innovation in its business, along with its high-quality assets, could be the main reasons for analysts' optimistic financial growth expectations.

A source of stable passive income in Canada

When planning to invest in a dividend stock to generate reliable passive income, investors must pay attention to the underlying strength of a company's balance sheet and the predictability of its cash flows.

The underlying financial strength in Keyera's low-leveraged business allows it to reward investors with high dividends. The company distributes dividends on a monthly basis, and its annual dividend yield currently stands at 6.1%. Between 2016 and 2021, its dividend per share increased by 25%. Another key factor that makes this energy stock worth considering for passive income is Keyera's goal of steady dividend growth with plans to consistently grow its cash flows.

Foolish bottom line

Overall, the long-term financial growth outlook for energy stocks like Keyera remains strong. Demand for energy products will likely continue to strengthen over the next decade despite the growing popularity of [renewable energy](#) alternatives. Given this fact, Keyera's recent dip could be an opportunity to buy this amazing Canadian dividend stock at a bargain — especially for investors who are after stable monthly passive income.

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Author

jparashar

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