



Bring in \$400 Every Month From This Valuable TSX Stock

Description

In this market, it can be hard to find valuable stocks. Sure, most stocks are cheap on the **TSX** today, even after a recent recovery. The TSX is down 10% year-to-date, but rose about 4% in the last two weeks. That's two solid weeks where some TSX stocks saw growth, rather than falls.

But before you get too excited and buy up every growth stock out there, learn from the past. From my perspective, it's more important to find a TSX stock that's valuable, not just set to grow. For that, you want a strong company that's been around for decades, likely to be here for decades more, and usually has enough cash to set you up with dividends.

Today, I'll be looking at one TSX stock that could give you hundreds in dividends every month.

Set up some savings

Before you invest in that TSX stock, you'll need to make sure you have the cash to do so. I know this can be frustrating when all you want to do is invest. But remember, this is a lifelong goal, not one that should change week after week.

With that in mind, you may need to reexamine your budget. In fact, I would recommend everyone redo their budgets right now. Rising interest rates, inflation, and gas prices means your budget from years back may no longer be suitable. Unless of course, you've gotten a serious raise.

That could mean that the 10% you could afford to put aside before has dropped down to 5%. But guess what? That's better than nothing. Especially if you're only looking to put some aside in one TSX stock. And hey, if you make \$60,000 per year, that's still \$3,000 you'll invest at year's end!

A solid TSX stock

Now that you have some savings, you can put it to work. If you're looking to create a stake, I would recommend that you try out the dollar-cost averaging approach. This is a gradual approach where

investors put the same amount of money into their portfolios each month, with other dollars sitting on the sidelines. That way, you can safeguard against volatility by investing all at once and trying to time the market. Every month, try putting some cash towards your stock of choice.

This approach is especially beneficial right now in this [volatile market](#). While I would love to say that we're heading towards a recovery, many economists believe a recession is on the way. That could mean we see another drop on the TSX.

So, it's best to choose a strong, solid TSX stock that has cash coming in no matter what. Which is why I'm considering **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)). The company explores, produces, develops and acquires companies within the natural resource sector. It produces everything from copper to steel-making coal. This is certainly something we'll need not just today, but for the next decade and beyond as the world continues to transition to renewable energy.

The company recently announced some big news that will be of interest to investors. It's CEO Don Lindsay stepped down after 17 years in the role, and will be replaced by Jonathan Price, former chief transformation officer at **BHP Group**. Teck also [posted forecast-beating quarterly profit](#) on upbeat prices for steelmaking coal. Furthermore, the company posted profit attributable to shareholders of C\$1.68 billion in the second quarter, a more than six-fold jump from year-ago levels.

Create that cash flow

So let's look at why I would choose Teck as the TSX stock for you. Because let's face it, the dividend yield isn't all that high at 1.49%. But the stock has value, trading at 4.5 times earnings and 0.8 times book value as of writing. Shares are down 4.5% year-to-date, but up 53% in the last decade even if you [include the fall](#). If you don't, shares were up 151% before the market drop.

So, if you want \$400 in cash every month in passive income alone, that 1.49% dividend yield would require an investment of \$330,816 on the TSX today. Huge, I know. However, another option is to look at the company's growth over the last two decades. Teck has grown at a compound annual growth rate (CAGR) of 11.07%.

You'll want returns of \$4,800 to make \$400 per month. That would take an investment of \$37,796 which would blossom to \$42,665 in one year. That is, if everything goes according to historical growth with dividends reinvested. That's a total of \$4,869 in returns. Not guaranteed income, but certainly less of an investment.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:TECK (Teck Resources Limited)
2. TSX:TECK.B (Teck Resources Limited)

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