



Earn \$15 Passive Income a Day With This 1 Dividend Stock

Description

Rising inflation is a serious threat to businesses, but the magnitude of the impact varies across industries. The historic run of inflation in 2022 can also deplete people's purchasing power. Meanwhile, investors are edgy due to the abnormally high inflation. It creates more uncertainty and heightens market volatility.

But one suggestion, if you need to cope with rising prices, is to go dividend investing. It's an [investment strategy](#) that will generate passive income. High-yield stocks, mainly, are inflation-fighting investments, because they can deliver higher and recurring income streams. Fortunately, good prospects are available to Canadian investors.

Among the top buying opportunities right now is **Chemtrade Logistics Income Fund** ([TSX:CHE.UN](#)). The company operates in the industrial chemicals and services industry, showing strong market fundamentals amid a challenging environment. Also, the stock is among the steadiest thus far in 2022. At \$9.03 per share, the year-to-date gain is 27.55% compared to the broader market's -4.91%.

Daily passive income

Chemtrade is popular with dividend investors due to its higher-than-market average yield. If you invest today, the \$947.7 million income fund pays a generous 6.68% dividend. Furthermore, the dividend payout or frequency is monthly, not quarterly, like most dividend-paying companies.

Assuming you invest \$81,000, the money will generate \$450.90 in passive income every month, or daily earnings of \$15.03. Canadians looking for additional income can consider investing in Chemtrade now that its products benefit from strong demand and pricing.

Strong demand and pricing

Scott Rook, Chemtrade's president and chief executive officer, said, "We are very pleased with our performance during the second quarter of 2022. Chemtrade continues to capitalize on strong market

fundamentals across the majority of our product portfolio, including chlor-alkali chemicals.”

Rook added, “Our positive year-to-date results and the continued strong demand and pricing we are realizing for our products have given us the confidence to increase our 2022 adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) guidance.” In Q2 2022 (three months ended June 30, 2022), net earnings were \$34.83 million compared to the \$14.07 net loss in Q2 2021.

According to management, the 32.3% year-over-year increase in revenue to \$446.4 million was due to the higher selling prices of chlor-alkali products and merchant acid & water solutions products. Notably, cash flows from operating activities increased 65% to \$84.0 million from a year ago.

Because of the solid year-to-date results, management raised its annual EBITDA guidance. The range is now between \$360 million and \$380 million from the previous \$300 million and \$330 million. Also, various organic projects are in the pipeline.

The joint arrangement with Kanto Group will strengthen Chemtrade’s position as North America’s leading ultrapure sulphuric acid manufacturer. Rook expects demand for the chemical to grow significantly because of new investments and production capacity expansions in the semiconductor industry. The tight merchant acid market on a stronger economic activity is also a positive factor for Chemtrade.

You can start small

Rook assures investors that management will take steps to ensure the momentum that Chemtrade enjoys today will continue to generate more business in the coming years. Thus, you don’t need substantial capital to start dividend investing. Start small and accumulate more shares as you go along, then expect a growing daily passive income.

CATEGORY

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2. Investing

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1. TSX:CHE.UN (Chemtrade Logistics Income Fund)

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