



## 3 Top Energy TSX Stocks That Offer High Monthly Passive Income

### Description

This has been a terrible year for the markets so far. Almost all sectors like tech, gold, and some parts of consumer have been notably down this year. However, one sector that has stood out colossally is energy. TSX energy stocks have gained 45% this year, while the **TSX Composite Index** has dropped 10%.

Apart from the earnings growth, some TSX energy names have notably upped their dividends since the pandemic. Let's see some of the top stocks that offer handsome monthly passive income.

### Whitecap Resources

**Whitecap Resources** ([TSX:WCP](#)) pays monthly dividends and yields a decent 4.7%. It has returned 25% this year and has underperformed peers. Whitecap recently completed the XTO Energy acquisition earlier than expected, which will likely push its production higher.

Whitecap Resources reported free cash flows of \$582 million in the second quarter (Q2) of 2022. This was more than double than in Q2 2021. Almost all energy companies are seeing record profit growth since the pandemic due to high oil and gas prices.

Whitecap saw solid balance sheet improvement this year, driven by aggressive debt repayments. It will likely see dividends growing further as free cash flow growth continues.

WCP stock looks attractive from a valuation standpoint, mainly after its recent correction. It could create meaningful shareholder value given the earnings growth potential, robust balance sheet, and dividends.

### Keyera

**Keyera** ([TSX:KEY](#)) is a \$7 billion energy infrastructure company and yields a juicy 6.2%. It has a relatively lower correlation with [oil and gas prices](#) than energy producer stocks. As a result, Keyera is a

relatively less-volatile stock and a low-risk bet.

Energy midstream companies operate oil and gas pipelines and storage businesses. These pipelines connect oil wells to refineries and are run like toll businesses. Energy commodity prices do not significantly drive their earnings. This is because of their long-term take-or-pay contracts.

You might not be wealthy overnight with stocks like Keyera. That's due to its relatively low-risk business model and slower earnings growth. However, if a stable passive income is what you're looking for, Keyera is an appealing bet.

## Cardinal Energy

**Cardinal Energy** ([TSX:CJ](#)) is a small-cap oil and gas producer that began paying dividends in July. It is expected to pay a dividend of \$0.6 per share, implying a yield of 7.5%.

Cardinal Energy's balance sheet became stronger with debt repayments and solid earnings growth this year. Its leverage has come down from close to two times to 0.1 times in Q2 2022. Moreover, as the company continues free cash flow growth, the debt will trend further lower. So, the management could allocate higher of its cash towards [shareholder dividends](#).

CJ stock has doubled so far this year. It will likely trade higher based on a strong price environment, dividends, and a strengthening balance sheet. Even though Cardinal Energy has a short payment history, the company could continue to pay stellar dividends for a long time.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:CJ (Cardinal Energy Ltd.)
2. TSX:KEY (Keyera Corp.)
3. TSX:WCP (Whitecap Resources Inc.)

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