



TFSA Passive Income: 2 Cheap High-Yield Canadian Stocks to Buy for Monthly Dividends

Description

The [market correction](#) is giving retirees and other [Tax-Free Savings Account](#) (TFSA) investors seeking passive income a chance to buy good [TSX](#), monthly dividend stocks at cheap prices.

Pembina Pipeline

Pembina Pipeline ([TSX:PPL](#))([NYSE:PBA](#)) trades for close to \$45 at the time of writing compared to \$53 in June. Investors who buy the stock at the current level can pick up a 5.5% dividend yield and look forward to a 3.6% increase that is on the way before the end of the year.

Pembina Pipeline is a good stock to buy for monthly dividends. The yield is above the return you can get on a [Guaranteed Investment Certificate](#) (GIC) and the distribution should be safe. Pembina Pipeline reported solid results in the first half of the year that show the rebound in the energy sector is still going strong. Earnings came in at \$899 million in the first six months of 2022 compared to \$574 million in the same period last year.

Management raised the financial guidance for 2022, so things are going well. Pembina Pipeline is an energy transportation and midstream service provider. It is effectively a one-stop shop for oil and gas producers who want to get their product to market. Assets include liquids and natural gas pipelines, gas gathering, and gas processing facilities, logistics services, and a propane export facility.

Despite shifts to renewable energy, demand for oil and natural gas is expected to grow in the coming years, and Pembina Pipeline is positioned well to benefit.

TransAlta Renewables

TransAlta Renewables ([TSX:RNW](#)) trades for close to \$17 per share at the time of writing. That's down from the 12-month high of about \$20. The stock took a hit over the past year due to operational challenges. An unplanned shutdown at a gas-fired power plant reduced revenues last year.

Management then found out that 50 wind turbines at the Kent Hills facilities in New Brunswick would have to be shut down to replace all the foundations. That work is now expected to be done by the middle of 2023.

Despite the setbacks, TransAlta Renewables is having a good year in 2022, supported by revenue coming from new assets. Revenue for the first six months came in at \$282 million compared to \$218 million in the same period last year. Free cash flow was \$195 million compared to \$170 million.

TransAlta Renewables pays its dividend monthly and currently offers an annualized yield of 5.4%. This is a good stock to buy if you want exposure to wind, solar, and natural gas-fired power-generation opportunities. The share price looks cheap right now, and the stock should rebound once the Kent Hills assets go back into service.

The bottom line on top stocks to buy for passive income

Pembina Pipeline and TransAlta Renewables pay attractive monthly dividends that should be safe. If you have some cash to put to work in a TFSA focused on passive income, these stocks appear undervalued and deserve to be on your radar.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)
3. TSX:RNW (TransAlta Renewables)

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Date

2025/07/03

Date Created

2022/09/08

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