



## 1 Cheap Monthly Dividend Stock (Under \$5) to Buy Now and Hold Forever

### Description

Ongoing macroeconomic uncertainty has increased the broader market volatility in the last few months. Rapidly rising interest rates to fight inflation and continued geopolitical tensions are keeping economic concerns alive. Given these uncertainties, investors should consider investing in some reliable dividend stocks. Most monthly [dividend-paying stocks](#) — especially from the energy sector — have seen a sharp correction lately due mainly to the recent weakness in crude oil prices.

But the good news is that the recent selloff has made many fundamentally strong [energy stocks](#) look undervalued. In this article, I'll talk about one of the cheapest monthly dividend stocks you can buy in Canada right now to hold for the long term. Interestingly, this Canadian monthly dividend stock currently trades under \$5 per share.

### The best under-\$5 Canadian monthly dividend stock

**Tamarack Valley Energy** ([TSX:TVE](#)) is a Calgary-based oil and gas producer with a market cap of about \$1.8 billion. At the time of writing, its stock was trading at \$3.99 per share with about 3.6% year-to-date gains. At the current market price, this Canadian energy stock has an annual dividend yield of around 3%, and it distributes dividend payouts every month.

While Tamarack Valley's shares popped by 28.8% in the first quarter, they lost nearly 13% of their value in the second quarter after growing global economic concerns uncertainties triggered a correction in the prices of energy products. However, I consider the ongoing decline in oil prices to be temporary, as the global energy demand remains strong in the post-pandemic era, despite the possibility of a near-term recession. Also, oil supply remains constrained amid the ongoing Russia-Ukraine conflict could lead to a sharp recovery in energy prices in the coming months, I believe.

### Analyzing its recent financial growth trends

After facing COVID-19 pandemic-driven industry-wide challenges in 2020, Tamarack Valley Energy registered a strong financial recovery in 2021. Its revenue surged by 448% YoY (year over year) to

\$524.9 million in 2021, which helped the company report \$1.08 in adjusted earnings per share, beating Street analysts' earnings estimates by nearly 30%. That's why this monthly dividend stock popped by 203% last year.

In the second quarter of 2022, Tamarack Valley's quarterly [production](#) volumes jumped by 35% YoY to 43,777 barrels of oil equivalent per day. Stronger production helped the company post a solid 151% YoY increase in its total revenue for the quarter to \$328.9 million. However, its adjusted earnings for the quarter fell by 51% from a year ago to \$0.33 per share due mainly to weaker commodity prices.

## What could fuel its stock recovery?

To better manage recent changes in the commodity price environment and deal with inflationary pressures in the second half of 2022, Tamarack Valley Energy remains focused on capital discipline and growing sustainable free funds flow. Recently, Tamarack revealed its intentions to acquire a privately held oil producer Deltastream Energy Corp in a deal worth \$1.425 billion. With this, the company is also making efforts to expand its asset base by making quality acquisitions lately to accelerate its financial growth.

Moreover, an expected recovery in the prices of energy products could underpin Tamarack's efforts to accelerate its financial growth. These positive factors make Tamarack Valley Energy an amazing monthly dividend stock in Canada to own forever.

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