



2 Canadian Energy Stocks (With Monthly Dividends) to Buy on the Dip Right Now

Description

[Energy stocks](#) make up a significant portion of the **TSX Composite Index** — currently accounting for more than 19.4% of the benchmark's market cap. The shares of Canadian energy companies have seen a sharp correction in the last few months, as dimming economic growth prospects have led to a selloff in crude oil prices. But the medium- to long-term price outlook for energy products remains strong with expectations of consistent strength in the global demand and continued supply constraints.

Given that, it could be the right time for long-term investors to consider investing in some energy stocks with good [fundamentals](#). In this article, I'll talk about two of the best [Canadian dividend stocks](#) from the energy sector that could turn out to be big winners in the long term by yielding healthy returns on your investment. Also, their solid dividends should help you keep getting reliable monthly passive income.

Peyto stock

Peyto Exploration & Development ([TSX:PEY](#)) is a Canadian energy company with its primary focus on the production of natural gas, apart from crude oil and natural gas liquids. The company currently has a [market cap](#) of \$2 billion, as its stock hovers around \$11.70 per share after inching up by 24% in 2022. By comparison, the TSX Composite benchmark has seen more than 8% value erosion this year. While Peyto Exploration's stock continues to outperform the broader market by a wide margin, it has seen around a 13% correction in the last 30 sessions alone.

In the second quarter, Peyto Exploration [posted](#) a solid 166% YoY (year-over-year) gain in its total revenue to \$399 million with the help of stronger production volume and higher realized commodity prices. These factors also helped the company post a record \$206 million in funds from operations during the quarter and reduce its net debt by \$156 million or 14% YoY.

Apart from its strong financial growth track record, Peyto stock also offers an attractive annual dividend yield of around 5% and distributes its dividend payouts on a monthly basis.

Paramount Resources stock

Paramount Resources ([TSX:POU](#)) could be another attractive energy stock with monthly dividends to buy in Canada right now. This stock currently trades at \$27.89 per share with about 13.4% year-to-date gains, despite losing more than 14% of its value in the last three months. POU stock also pays dividends each month and has an annual yield of around 4.2% at the current market price.

In the June quarter, this Calgary-based energy firm registered a solid 148% YoY jump in its total revenue to \$493.7 million amid continued strength in the commodity price environment. Despite facing some production challenges in the second quarter, Paramount recently increased its average sales volume guidance for the second half of 2022, partly due to expected higher production at the Wapiti natural gas processing plant.

While inflationary pressures are likely to increase its capital expenditure in the near term, its long-term financial growth outlook remains strong with the help of its continued focus on development activities and reducing net debt to achieve incremental growth. These factors make this energy stock worth buying on the dip — especially if you're looking for monthly dividend stock in Canada.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:PEY (Peyto Exploration & Development Corp)
2. TSX:POU (Paramount Resources Ltd.)

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