Top TSX Energy Stocks to Buy for Monthly Passive Income

Description

Some stocks offer capital-appreciation potential, while some provide stable dividends. TSX energy stocks currently offer both. They have been firing on all cylinders since the pandemic. Thanks to higher energy commodity prices, oil and gas producer companies have seen record profit growth over the last few quarters. Here are some of them that offer attractive monthly passive income.

Whitecap Resources

Whitecap Resources (TSX:WCP) is expected to pay a total dividend of $0.44 per share this year, implying a yield of 4.4%. Apart from juicy monthly dividends, WCP offers appealing growth prospects. It has returned 40% so far in 2022, which is in line with its peers.

Higher production and a strong price environment should help its earnings growth, at least for the next few quarters. As a result, the management is aiming for a steep dividend increase next year. WCP targets to pay $0.73 per share in 2023, indicating an increase of 65% compared to 2022.

Whitecap aggressively repaid its debt amid windfall free cash flow this year. This has largely been the theme across the energy sector since the pandemic. What's notable here is that even if oil falls to US$50 a barrel level, WCP's balance sheet is expected to remain strong. So, solid earnings visibility and an improving balance sheet make it an attractive name among TSX energy stocks.

Keyera

Keyera (TSX:KEY) also pays a monthly dividend and currently yields 6.7%. In 2022, Keyera will pay a total dividend of $1.92 per share, or $0.16 per share per month.

Keyera isn't an oil and gas producer. Keyera is an energy infrastructure company with little or no correlation with oil prices. As a result, KEY stock is relatively less volatile and a less-risky investment option.

Keyera Energy aims to grow its EBITDA (earnings before interest, tax, depreciation, and amortization) by 6-7% annually through 2025. That's much lower compared to upstream oil companies' growth.

However, its earnings visibility and stability matter more, which drives investor returns. Its fixed-fee contracts enable such steady growth, facilitating a regularly growing dividend.

Cardinal Energy

Canadian energy names are seeing remarkable recovery since late last month, as oil moved higher on supply woes. Mid-cap stock **Cardinal Energy** (TSX:CJ) has been no different. It has soared 25% in the last two weeks and 90% year to date. Cardinal pays a monthly dividend and yields 7% at the moment.

Small- and mid-cap names have outperformed their large-cap peers in this bull cycle. Many of them are still undervalued and offer massive growth prospects. Cardinal Energy is also one of those undervalued stocks.

It is trading five times its earnings and looks way undervalued compared to peers. As oil prices have started to climb, discounted stocks like Cardinal will likely remain in the limelight.

Even if TSX energy stocks seem fast, appearing at their record highs, the potential upside looks higher than that. That's due to massive supply woes and ensuing demand-and-supply skew. So, investors can expect steep financial growth and robust dividend growth from these energy names, at least for the next few quarters.

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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Date
2025/09/26
Date Created
2022/10/16
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