



## How to Generate \$200 in Passive Income Each Month

### Description

Having a reliable source of monthly passive income always helps — especially in uncertain economic times, when inflationary pressures increase the burden on families. As high inflation, rapidly rising interest rates, and growing geopolitical tensions have increased the possibility of a looming recession this year, the stock market has seen turmoil. As a result, the **TSX Composite Index** has shed nearly 9% of its value in 2022 so far.

Nonetheless, the Canadian stock market is always filled with opportunities for investors looking to earn monthly passive income.

In this article, I'll highlight one of the top [Canadian dividend stocks](#) that you can buy right now to easily earn \$200 in monthly passive income.

## One dividend stock to generate monthly passive income in Canada

While it might not be very difficult to earn monthly passive income from stocks, you still need to be careful in picking dividend stocks to invest in for the long term. This is because the financial growth track record and the [fundamental](#) strength of the stock you choose will determine the sustainability of the passive income you earn. Speaking of Canadian monthly dividend stocks with a strong fundamental outlook, **TransAlta Renewables** ([TSX:RNW](#)) could be worth considering right now.

If you don't know it already, it's one of the largest publicly listed renewable power firms in Canada, with a [market cap](#) of \$3.8 billion at the moment. In 2022 so far, its share prices have dived by 25% to \$14.10 per share due partly to the broader market selloff, making it look [undervalued](#). At the current market price, this dividend stock offers an amazing yield of 6.7% and distributes its dividend payouts on a monthly basis.

## What makes it a reliable stock to buy now?

In the last few years, TransAlta Renewables has focused on significantly expanding its [renewable energy](#) asset base. Currently, its main assets include 26 wind, 13 hydroelectric, two solar, and eight natural gas power-generation facilities. In addition, the company also owns a battery storage project.

With the help of consistently rising demand for renewable power generation, TransAlta's total revenue [rose](#) by 81% in five years between 2016 and 2021. During this period, its dividend per share also grew positively by about 7%.

TransAlta Renewables's business primarily relies on a contracted power-generation portfolio. And its weighted average contract life is currently close to 11 years, which should underpin its financial growth in the medium term. As the demand for clean energy sources is expected to skyrocket in the next decade, with more countries committing to move away from traditional energy sources, you could expect TransAlta's financial growth trends to improve significantly in the long run. And these factors should help its stock soar.

## Bottom line

If you want to generate \$200 in passive income from TransAlta's monthly dividends, you'll need to buy 2,554 shares of its stock at the current market price with an investment of about \$36,012. While this example gives you a good idea of how easy it is to generate monthly passive income in Canada, you should always consider diversifying your stock portfolio instead of pouring tonnes of money into a single stock.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:RNW (TransAlta Renewables)

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1. jparashar
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**Author**

jparashar

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