



How to Generate +\$1,000 in Passive Income Each Month

Description

Have you ever wished you had a reliable source of monthly passive income? If yes, then you can consider investing in some quality, strong, [Canadian dividend stocks](#). While there are also various other ways of earning passive income, most of them require you to invest a lot of your time on a regular basis and don't give much flexibility to match your risk appetite. That's why I find dividend investing to be one of the easiest and most flexible ways of earning passive income each month.

In this article, I'll highlight one of the best dividend stocks in Canada you can buy right now to start earning over \$1,000 in monthly passive income.

The best monthly dividend stock to generate passive income in Canada

Irrespective of your risk appetite, you should always avoid investing in dividend stocks with weak [fundamentals](#), even if they offer you a very high dividend yield at the time of investing. This way, you can ensure that your hard-earned savings remain safe, and you keep getting reliable passive income without taking too much risk. Keeping that in mind, **Peyto Exploration & Development** ([TSX:PEY](#)) could be an amazing Canadian monthly dividend stock to own for long-term investors looking to earn passive income.

It's a Calgary-headquartered energy firm with a [market cap](#) of \$2.5 billion. Peyto's share price currently hovers at \$14.72 per share with nearly 56% year-to-date gains after rallying by 224% last year, outperforming the broader market by a huge margin. By comparison, the **TSX Composite** benchmark has seen about 6% value erosion in 2022 so far due mainly to a sharp [sell-off](#) in most high-growth [tech stocks](#). At the current market price, this Canadian dividend stock offers a very attractive yield of around 9% and distributes dividend payouts every month.

Why it's a great dividend stock to own forever

If you don't know it already, Peyto is one of the largest gas producers in Canada and among the

world's 10 largest gas producers. The company primarily focuses on profitably exploring and producing unconventional natural gas in Alberta's Deep Basin while maintaining a very efficient cost structure.

Its consistent focus on minimal costs is one of the key reasons why Peyto's adjusted earnings [jumped](#) by over 30% in five years between 2016 and 2021, despite no major change in its revenues. During the same period, its adjusted net profit margin also expanded from 16.6% to 23.7% — clearly reflecting the management's continued focus on growing profitability. With an expected solid organic growth in the liquefied natural gas exports in the coming years, you could expect Peyto's financial growth trends to improve further and help its stock continue soaring.

Bottom line

If you buy 10,000 shares of Peyto Exploration & Development at the current market price, you can earn about \$1,100 in reliable monthly passive income from its dividends, which is equivalent to \$13,200 a year. To own these many stocks, however, you'll need to invest around \$147,200 in its stock. I hope the example of this safe Canadian dividend stock gives you a good idea of how easily you can earn more than \$1,000 in monthly passive income. That said, you must always diversify your dividend stock portfolio instead of pouring in such a large sum of your savings into a single stock, no matter how great its fundamentals look at the time of investing.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:PEY (Peyto Exploration & Development Corp)

PARTNER-FEEDS

1. Business Insider
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