1 Cheap Canadian Dividend Stock to Buy in 2023 for Monthly Passive Income

Description

After consistently rising for three years in a row, the Canadian stock market turned negative in 2022. The **TSX Composite Index** slipped by 8.7% last year, as macroeconomic concerns, such as high inflation, fast-rising interest rates, and the possibility of a looming recession, continued to haunt investors.

While the broader market selloff affected high-growth stocks with lofty valuations the most, some quality Canadian dividend stocks also became its victim. That's why it could be the right time for long-term investors to consider adding them to their portfolio at a bargain.

In this article, I'll talk about one such cheap Canadian monthly dividend stock that can help you generate reliable passive income in 2023 and beyond.

One cheap Canadian monthly dividend stock to buy in 2023

When you're picking monthly dividend stocks to earn passive income, you shouldn't ignore the stock's earnings-growth outlook. This is because many companies with weak underlying fundamentals might cut or even discontinue their dividends in tough economic times.

Speaking of Canadian monthly dividend stocks with strong fundamentals, **Sienna Senior Living** (TSX:SIA) could be a great stock to consider in 2023 — especially after a recent dip in its stock. This Markham-headquartered firm has a market cap of $805.3 million. Sienna mainly focuses on providing living options for seniors across Canada, including independent living, assisted living, and long-term care.

After losing 27.5% of its value in 2022, Sienna Senior Living's share prices are currently at $11.04 per share. At the current market price, it offers an attractive annual dividend yield of 8.6% and distributes dividend payouts each month. Now, let me quickly explain why I find this monthly dividend stock worth considering for Canadian investors today.

It can help you earn reliable monthly passive income

Sienna has a large portfolio of long-term care and retirement residences worth around $1.7 billion in prime locations across British Colombia, Ontario, and Saskatchewan.

COVID-related physical distancing measures affected its operations and caused labour shortages, driving its revenue for 2020 down by about 0.8% from a year ago. Nonetheless, Sienna saw a healthy financial recovery the next year, as its earnings in 2021 stood stronger than the pre-pandemic levels. Overall, its total revenue rose by 34% in five years between 2016 and 2021. And its adjusted earnings grew positively by 15% during the same period.

The Canadian population in the 85-plus age group is expected to triple over the next 25 years, based on 2021 census data. Given that, the demand for seniors' living options could accelerate significantly in the next couple of decades, which is likely to give a big boost to Sienna's financial growth in the long term and help its stock soar.

Bottom line

As I noted above, this Sienna's share prices have seen a sharp correction in the last year due partly to macroeconomic concerns that drove the broader market downward. However, the company's underlying fundamentals remain strong with a robust demand outlook that could help it stage a sharp recovery in the future, making it one of the best Canadian monthly dividend stocks to buy in 2023.

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