The Best TSX Stocks to Own as Inflation Climbs

Description

Earlier this month, I'd discussed the best TSX stocks to buy as inflation rose in Canada. Western governments have undertaken gigantic social-spending programs to combat the downturn caused by the pandemic restrictions and lockdowns. The Bank of Canada recently conceded that inflation would hit the higher end of its own target in the months ahead. Today, I want to look at three more TSX stocks to buy in this environment.

Why Canada housing will continue to thrive in this climate

The bull market in Canada housing has reached unprecedented heights in the first three months of 2021. Readers have undoubtedly read about bidding wars that have seen some houses go for over half a million over asking. It boggles the mind, but it also doesn't look like it will stop anytime soon. Pent-up demand and a very friendly environment for lenders should keep this sector red hot.

Equitable Group (TSX:EQB) is one of the best TSX stocks to own as housing prices soar. Its shares have climbed 19% in 2021 as of early afternoon trading on March 30. The stock is up nearly 130% year over year. Equitable Group stock still possesses a very favourable price-to-earnings (P/E) ratio of 9.7. Moreover, it offers a quarterly dividend of $0.37 per share. That represents a modest 1.1% yield. So long as the housing market remains scorching hot, lenders like Equitable Group will benefit in a big way.

Grocery retail TSX stocks are benefiting from higher prices

Canadians have really felt the pinch of rising inflation at the grocery store. The Canada Food Price Index projected that broader prices would climb between 3% and 5% this year. Meat and vegetable prices are expected to increase between 4.5% and 6.5%. I can hear the collective groans from here. However, Canadians can give themselves some relief by making smart investments in this climate.

Empire Company (TSX:EMP.A) has been one of the best TSX stocks in the grocery retail space. It owns and operates brands like IGA, Farm Boy, and Sobeys. Shares of Empire have climbed 12% in

2021 so far. The TSX stock is up 45% from the prior year.

Shares of Empire currently have a P/E ratio of 15. This also puts the stock in favourable value territory. Moreover, it last paid out a quarterly dividend of $0.13 per share. That represents a 1.3% yield.

One mining stock to snag in this environment

In a previous article, I'd discussed why Canadians may want to snatch up precious metals stocks as inflation creeps up. Base metals have also been thriving on the back of a commodities boom in late 2020 and early 2021. **Lundin Mining** (TSX:LUN) is engaged in the exploration, development, and mining of mineral properties around the world. Its shares have climbed 8.6% in 2021 and over 155% in the year-over-year period.

In Q4 2020, Lundin Mining saw gross profit hit $179 million — up from $145 million in Q4 2019. Revenue for the full year came in at $2.04 billion compared to $1.89 billion in the previous year. Adjusted EBITDA increased to $856 million over $705 million in 2019.

Shares of Lundin Mining possess a P/E ratio of 45. This is still in solid value territory in comparison to its industry peers. I'd snatch up this TSX stock ahead of high inflation and a commodities boom.

CATEGORY

1. Investing

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1. TSX:EMP.A (Empire Company Limited)
2. TSX:EQB (EQB)
3. TSX:LUN (Lundin Mining Corporation)

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