



## 2 Top Canadian ETFs to Buy if Inflation Continues to Climb

### Description

Lately, investors have seen more uncertainty and volatility creep into financial markets as worries of inflation start to pick up, leaving many investors scrambling to find some of the top Canadian stocks and ETFs to buy now for this environment.

Higher inflation was something economists have been warning about for over a year. Regardless, though, central banks and governments worldwide had little choice.

So now inflation could rise quicker than planned, which could cause interest rates to increase far sooner than anyone would have wanted.

So why is this an issue, and how does it impact which top Canadian stocks and ETFs to buy today?

Central banks keep interest rates low during periods of economic turmoil for a few reasons. It makes it easier to borrow money for those who may be near insolvency. Furthermore, because it's cheaper to borrow, it increases the incentive for people to consume, which will ideally aid in the economic recovery.

So if banks have to increase rates before the economy has fully recovered, it could cause problems with the recovery. However, if rates aren't increased to cool inflation, it could start to grow faster than anyone would want, which would also cause major issues with the economy.

Central banks and governments worldwide are currently walking a fine line, which is why markets have been so on edge recently.

Fears of inflation shouldn't make investors go out and rebalance their whole portfolios, however. However, you may choose to buy a few investments that can help to offset that risk. Whether it's stocks or even [ETFs](#), there are several investments to make that can protect your portfolio from inflation.

Here are two of those top Canadian ETFs to buy today.

## A top Canadian gold ETF to buy for inflation

If you're worried about inflation, one of the top Canadian ETFs to buy today is the **iShares S&P/TSX Global Gold Index Fund** ([TSX:XGD](#)).

The XGD gives investors exposure to a variety of the top gold stocks in Canada. This diversification helps lower risk, giving investors great exposure to the leveraged nature of gold miners. Over the last few months, as gold prices have gained just under 10%, the XGD has gained nearly 25% and has a lot more potential to continue rallying.

Gold has been cheap for the last six months, selling off while almost every other industry rallied. Furthermore, because it's rallying now, it has momentum and has historically been a great hedge against inflation.

The fund's portfolio currently has a price-to-earnings ratio of just 18 times and charges a management expense ratio of just 0.6%

So if you're looking for some gold exposure or just a way to hedge your portfolio against inflation, the XGD is one of the best Canadian ETFs you can buy today.

## A top energy ETF

Another great industry to invest in during this recovery is energy. That's why the **iShares S&P/TSX Capped Energy Index Fund** ([TSX:XEG](#)) is one of the best Canadian ETFs to buy today.

[Energy stocks](#) have been some of the best stocks to buy throughout 2021, and if inflation continues to pick up, they should continue to outperform.

The XEG is a perfect ETF because it offers investors exposure to some of the top energy stocks in Canada, with significant diversification. This means you can bet on the energy industry recovering overall without having to worry about individual stock performances.

Year to date, the ETF is up nearly 40% already, yet still has a tonne of potential to continue growing.

The fund has a similar expense ratio to the XGD, making it ultra-cheap. Plus, it also pays a dividend that currently yields almost 2% to go along with the exceptional growth potential it offers.

So if you're looking for a top Canadian ETF to buy amidst the rising volatility, the XEG is one of the best choices.

### CATEGORY

1. Energy Stocks
2. Investing
3. Metals and Mining Stocks

### TICKERS GLOBAL

1. TSX:XEG (iShares S&P/TSX Capped Energy Index ETF)
2. TSX:XGD (iShares S&P/TSX Global Gold Index ETF)

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