



## 2 Stock Picks to Hedge Against Rising Inflation

### Description

As inflation fears begin to pick up, volatility in stock markets will rise and lead to uncertainty for investors. It might take some time to determine exactly how the markets will respond. Still, it would be wise to consider making some defensive investments to protect your capital.

Most investors worried about their capital are in a hurry to sell stocks and move their money to fixed-income or safe-haven assets. However, not all stocks suffer [substantial losses](#) during inflationary market conditions.

I will discuss three defensive stocks that you can consider adding to your portfolio to hedge against inflation.

### Barrick Gold

Gold is widely considered to be the safest commodity to protect capital against inflation. Gold producers like **Barrick Gold** ([TSX:ABX](#))([NYSE:GOLD](#)) are excellent picks for investors who do not want to exit the markets but want to invest in defensive assets during inflation.

Gold prices typically tend to rise as the overall stock market declines. Gold producers like Barrick Gold can offer investors an ideal way to leverage rising gold prices without exiting the stock market. Rising commodity prices can allow Barrick Gold to enjoy greater margins. Being one of the top global gold producers, it has high-quality and diversified mining operations across 10 countries and mines a wide range of metals.

Investing in the gold stock could help you capitalize on rising gold prices without buying the rare yellow metal itself, keeping your invested capital more liquid.

### Canadian Natural Resources

**Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) can be another excellent pick to consider

adding to your portfolio during a market with rising inflation. Higher inflation rates lead to things becoming more expensive for consumers. Companies that can manage to pass on the rising costs to their consumers can generate more substantial profit margins and greater overall cash flows.

Canadian Natural Resources is an energy sector operator that could become an ideal addition to your portfolio for this purpose. The integrated energy business boasts a diverse product portfolio that it can use to consistently generate cash flows. The current market environment is adding industrial tailwinds for the energy sector, allowing companies like Canadian Natural Resources the opportunity to recover from last year's losses.

CNQ boasts a stronger balance sheet than most of its peers. The company's management had an excellent handle on cost management during the worst period of the pandemic in 2020. It came as no surprise that the company raised shareholder dividends last year when its peers were forced to suspend payouts. Its [reliable dividend payouts](#) and defensive qualities in the current market conditions make it an excellent asset to consider adding to your portfolio.

## Foolish takeaway

Rising inflation rates typically tend to adversely affect returns from equity securities, sending investors scrambling to find safer alternatives to park their capital to hedge against inflation. However, not all stock returns go down during inflation. Barrick Gold and Canadian Natural Resources are all excellent picks in an inflationary atmosphere for you to consider.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:CNQ (Canadian Natural Resources)
3. TSX:ABX (Barrick Mining)
4. TSX:CNQ (Canadian Natural Resources Limited)

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## Author

adamothonman

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