



## Inflation Is Rising: 3 Ways to Protect Your Wealth

### Description

Earlier today, *StatCan* reported that inflation was 3.6% in May, up from 3.4% in April. The biggest price increases were observed in gasoline, furniture, and shelter. The cost of housing in particular was way up, rising 4.2% year over year.

If you're looking at all of this unfold, you might be feeling a little queasy. Seeing the prices of everything go up is never fun — particularly if your income isn't going up along with it. Wages do tend to rise with overall inflation, but not necessarily for everyone. In light of this, it makes sense to take steps to protect your wealth from inflation. The following are three proven, time-tested ways to do that.

### Invest in real assets

Investing in real assets like real estate tends to be a great way to beat inflation. Historically, house prices have risen more than inflation. For example, in April 2021, house prices rose 38% year over year, while the CPI rose only 3.4%. Clearly, Canadians who owned houses over the past year have made out well. And they'll probably continue to do so. Canada is experiencing a housing shortage, while the population only continues to increase. In light of this, we can probably expect prices to keep rising going forward — even if interest rates rise a little.

### Own stocks that profit from inflation instead of losing from it

Another strategy for fighting inflation is to [invest in stocks that profit from inflation](#) rather than losing from it. In general, inflation leads to central banks hiking interest rates, which is bad for business. But some stocks profit so enormously from higher prices that they make more money anyway.

Consider **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). It's an energy company whose main business activity is selling gasoline and gas stations all across Canada. It also exports crude oil wholesale to U.S. buyers. Generally, oil and gas prices tend to increase when inflation is high. The more money consumers are spending, the more driving and flying they're doing, and that leads to higher oil prices. Of course, the effect is not guaranteed. Middle East politics can affect the supply side of the equation,

and EVs could take away some of the demand for gasoline. But overall, more demand for travel leads to higher oil prices.

So far this year, Suncor is clearly benefitting from the rise in the price of gasoline in Canada. In the first quarter, it [earned \\$821 million](#), had \$746 million in operating earnings, and had \$2 billion in funds from operations. In 2020, when oil prices were low, it ran four consecutive net losses. Clearly, Suncor is beginning to recover from the damage it took from COVID-19. And it may continue to rise from here. Some analysts are expecting oil to go over \$100 a barrel again, and with this much pent-up demand, it's not hard to see that prediction coming true. We'll have to wait and see. But things are looking up for Suncor.

## Consider alternative investments

Last but not least, you can consider alternative investments as a hedge against inflation. Gold, cryptocurrencies, silver, and other "inflation hedges" are thought to retain their purchasing power in times of inflation. The evidence on this is mixed, but over the long term, their prices have been rising. Perhaps they're worth considering as a small position in your portfolio.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

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