



3 Stocks to Beat Inflation in 2021

Description

Inflation is on the rise in mid-2021. The U.S. recently reported 5.4% CPI inflation, with producer inflation even higher at 7.3%. Canada's report for the same period hasn't been released yet but is likely to show similar albeit slightly lower numbers.

Inflation has many investors worried. As I write this, all of the major stock indexes are in the midst of a massive selloff, with the **Dow**, **S&P 500** and **TSX Composite** all bleeding red for the day. This likely has more to do with the COVID-19 Delta variant than anything else, but inflation was thought to have influenced market weakness in the earlier weeks of this month.

In this article, I will explore three stocks that profit from inflation rather than losing money because of it. Any company that can successfully raise prices in an inflationary period will not be harmed in real terms. Some may even do well. The three stocks below fit that description.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is an energy stock that makes more money the higher the price of oil is. Gasoline has been one of the big drivers of inflation this year, so Suncor is profiting off the CPI going higher. In the first quarter, SU posted \$2.1 billion in funds from operations (FFO), \$746 million in operating income, and \$821 million in net income.

For every single 2020 quarter, the earnings metrics were negative. Clearly, Suncor benefited from higher oil prices in Q1. Lately, oil prices [haven't been as strong](#) as they were earlier in the year, but they're still way up from 2020 levels, so Suncor should post strong year-over-year growth going forward.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is another company that could potentially profit from rising inflation. It's an eCommerce platform company that makes money off of its vendors' sales. It stands to

reason that Shopify's fees will grow when its vendors start charging higher prices because its fee structure is based on a percentage of sales. And Shopify's own expenses won't necessarily grow with inflation, because it isn't actively involved in buying and selling products itself.

Shopify's recent results have been excellent. It produced positive GAAP profits in fiscal 2020 and produced four quarters in a row of [90% or higher revenue growth](#). Definitely an inflation-resistant play worth considering.

NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT ([TSX:NWH.UN](#)) is a Canadian REIT that performed surprisingly well in 2020. For the full year, its results were:

- 13.5% total unitholder return.
- Revenue up 2%.
- AFFO up 1%.
- 97% total occupancy.
- 98.1% international occupancy.

Pretty solid results all-around. 2020 was hard for many REITs, especially residential REITs and mall REITs. With the pandemic putting people out of business, collection rates suffered. NWH, which caters to healthcare tenants, did much better than most. Not only did it not lose money, it actually grew a little.

There's also a mild inflation angle with this stock. REITs invest in real estate, which in Canada has been going up in price much more than the CPI basket. Rent, to a lesser extent, has also been rising. This makes real estate investments pretty good inflation hedges—and REITs are the easiest real estate investments to get started with.

CATEGORY

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2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
4. TSX:SHOP (Shopify Inc.)
5. TSX:SU (Suncor Energy Inc.)

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Author

andrewbutton

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