



2 Inflation-Fighting TSX Stocks to Buy and Hold Through 2021

Description

Inflation woes and Fed rate hikes caused major [jitters](#) in the first half of 2021. Now, it's the Delta variant of COVID-19 that's been a major source of volatility. If it turns out that Delta fears are overblown and the reopening continues as planned, I think fears will return to inflation and the prospect of higher rates, perhaps much higher rates, as the Fed looks to begin tightening over the next few years.

Yes, we all dread the Fed's tightening. But in the end, it may be the only solution to combat the recent bout of inflation. For now, the Fed views recent inflation as benign or "transitory," but that opens up the possibility of negative surprises in the form of faster-than-expected rate hikes to fight off higher-than-expected inflation.

In this piece, we'll check out two [attractively valued](#) TSX stocks that are worth checking out this August 2021. Each name, I believe, provides investors with a low-cost way to bring the fight to inflation. Undoubtedly, higher rates are bad for stocks, especially growth stocks with absurd multiples. But for value stocks with pricing power, I believe they are among the best of places to hide for those who fear the unlikely but severe prospect of runaway inflation and a mistaken Fed.

Alimentation Couche-Tard

Couche-Tard (TSX:ATD.B) is a convenience store giant that's all about selling time to its consumers. As a result, the company can command higher prices on various goods it sells. In response to inflation, Couche-Tard can raise its prices, possibly at a rate that's more flexible than that of your average grocer. The convenience store chains can raise prices at their discretion.

A lot of goods that c-stores sell are already priced at the higher end versus the grocery store. Regardless, consumers are more willing to open up their wallets if it saves them 10 minutes waiting in line at the grocery store and 20 minutes wandering around for just a handful of goods. It's not just quick mini-hauls that Couche-Tard shines in. Extended hours mean a lot to the night owls who need certain goods now rather than tomorrow. What's another buck or two for one's mini-grocery haul? With less pressure on prices and juicier margins, Couche-Tard is my preferred choice over the grocers in an

inflationary environment.

Couche-Tard stock is dirt cheap at 15.8 times earnings and is in the process of breaking out to new highs. Such a dirt-cheap value play is a terrific way to bring the fight against inflation.

Barrick Gold

Gold shines when inflation rises. And at today's valuations, no gold stocks shine brighter than former Warren Buffett holding **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). It's not just Barrick's exceptional track record at operational excellence that has me pounding the table on Barrick over physical bullion. As I've noted in prior pieces, Barrick and its dividend act as a "productive way to play an otherwise unproductive asset."

As you may know, Buffett has slammed gold for being unproductive over time. Farms are productive. They produce something over time. Gold does not, unless, of course, you factor in the utility from enjoying the beauty of physical gold!

In any case, Barrick's dividend, which yields 1.7%, is the main reason to hang onto the stock. You'll get the benefits of any other leveraged gold play with the added benefit of a handsome dividend that's secure, so as long as gold doesn't nosedive considerably — something I find highly unlikely in an inflationary environment.

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