Guard Against Inflation With These Dividend Stocks

Description

Canada's inflation rate came in at 3.1% in June. Prices for shelter and transportation were on the rise, while price inflation in food, clothing, and recreation softened. Regardless, this still represents a high rate that investors and consumers alike need to make note of. Today, I want to look at three dividend stocks that could give you some relief in this environment.

Why grocery stocks are a great target as inflation surges

Empire Company (TSX:EMP.A) is one of the largest grocery retailers in Canada. It owns and operates top brands like Farm Boy, IGA, Sobeys, and several others. Shares of this dividend stock have climbed 17% in 2021 as of close on August 17. Empire and its peers have benefited from inflation in the food space. Grocery stocks proved to be great defensive plays at the start of the COVID-19 pandemic.

The company unveiled its fourth-quarter fiscal 2021 results on June 23. Earnings per share came in at $0.64 — down from $0.66 in Q$ fiscal 2020. Meanwhile, sales grew by $1.68 billion year over year to $28.2 billion for the full year. Gross profit increased $566 million to $7.19 billion.

This dividend stock possesses a favourable price-to-earnings (P/E) ratio of 15. Moreover, it offers a quarterly dividend of $0.15 per share. That represents a 1.4% yield.

Here's another dividend stock I love as commodity prices grow

There was considerable enthusiasm surrounding the global economy coming into 2021. The global vaccine rollout led to a boom for commodities. **Stelco Holdings** (TSX:STLC) is a Hamilton-based company that produces and sells steel products. Shares of this dividend stock have shot up 96% in the year-to-date period. The stock has soared over 400% compared to the previous year.

The company unveiled its second-quarter 2021 results on August 10. Revenue rose 123% year over year to $918 million. Adjusted EBITDA shot up 1,106% to $410 million. Steel prices have experienced strong growth in the year-over-year period. Stelco saw its average selling price rise 85% from Q2 2020 to $1,292 per net tonne.

Shares of this dividend stock last had a P/E ratio of 11. That means Stelco is still in solid value territory. It doubled its quarterly dividend to $0.20 per share, representing a 1.7% yield.

One more stock to buy in an inflationary environment

Gold stocks have failed to regain the momentum this space built in the first half of 2020. The yellow metal soared to a record high above US$2,000/ounce before falling sharply in the latter half of the previous year. Since then, digital currencies have stolen the attention of investors as alternative assets.

Kinross (TSX:K)(NYSE:KGC) is still one of my favourite gold equities. This dividend stock has plunged 26% in the year-to-date period. The stock is down 38% from the same time in 2020. In Q2 2021, Kinross delivered adjusted net earnings of $156 million, or $0.12 per share.

Shares of Kinross possess an attractive P/E ratio of 5.8. It last paid out a quarterly distribution of $0.03 per share. That represents a 2% yield.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:EMP.A (Empire Company Limited)
3. TSX:K (Kinross Gold Corporation)
4. TSX:STLC (Stelco Holdings Inc.)

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