



Beginners: 2 September Stock Picks to Fight Off Inflation

Description

September may very well be the month where we see value stocks shine, as their growth counterparts finally have a chance to take a bit of a breather. There's no question that tech already had a slowdown in the first half of the year, as higher rates sent jitters down the spines of beginner growth investors. Now that rate fears are off the table, and the reopening, cyclical, and value trade has been sluggish, I'd argue that the risk/reward favours those who insist on value, rather than "growth at any price."

With inflation unlikely to fade away in 2021, value plays with purchasing power are among my favourite names to own after September 2021. Consider **Loblaw** ([TSX:L](#)) and **National Bank of Canada** ([TSX:NA](#)) as top candidates to buy or watch this month.

Loblaw

Loblaw deserves a round of applause for how it made it through 2020 without taking a hit. The stock, which recently soared to new highs, now finds itself in a peculiar spot. Could the sudden parabolic rally have a blow-off top, punishing those who chase it? Or could the boring stock be in the early stages of a multi-year rally to much higher levels? Undoubtedly, the latter would be a long time coming. But I think what's in store for Loblaw is a combination of the two.

Loblaw is doing almost everything right these days in this inflationary environment. Still, the stock has had a run and could be vulnerable to a near-term pullback. Such a pullback should be taken advantage of, though. Loblaw is the kind of defensive that you'd really thank yourself for owning once the economic tides finally turn. After a 1.1% contraction in Canadian GDP, there's always a risk of a recession. Of course, what COVID's next move will be is likely to determine the economy's fate. In any case, Loblaw stock should hold its own independent of the type of economy we find ourselves in over the next 18 months.

Loblaw stock has been a laggard for so long. But now that it's woken up, I think the name is worth watching. At 0.6 times sales, Loblaw isn't at all expensive after its recent pop. So, I wouldn't hesitate to "chase" it here if you seek defensive dividends alongside momentum.

National Bank

It doesn't matter the type of environment, inflationary or deflationary; the banks will always find ways to make money. That's a major reason why PM Justin Trudeau put a target on their back as a part of the Liberal election campaign. Undoubtedly, Trudeau's promises did no favours for bank stocks of late.

National Bank of Canada ([TSX:NA](#)), the underdog of the Big Six, appears to be picking up traction. Whether it will catch up to its bigger brothers over the next 10 years will be anyone's guess.

Regardless, I have to say I'm a huge fan of the bank's performance last year and its decision to scrap trading commissions on its platform. The latter effort, I believe, could help the bank gain a slight edge over its peers. Why? In due time, commissions will be on the race to zero. The way National Bank likely sees it, it may as well gain new business, as its competitors contemplate scrapping their own trading commissions. The days of pricey commissions are numbered. National Bank knows this, and it's ready for the new era.

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1. TSX:L (Loblaw Companies Limited)
2. TSX:NA (National Bank of Canada)

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