Inflation Is Rising: 3 Dividend Stocks to Buy Today

Description

The heat is being turned up on Canadian consumers less than a week away from the September 20th federal election. Statistics Canada reported that the Consumer Price Index (CPI) rose to 4.1% in the month of August. This is significantly higher than the Bank of Canada's 3% inflation cap target. Indeed, this is the highest inflation has spiked since March 2003. Today, I want to look at three dividend stocks that could provide protection for your portfolio in this environment. Let's dive in.

Why grocery stocks are perfect to hold in this environment

Earlier this month, I'd looked at some of the best stocks to buy with inflation rising. Rising home and gas prices have been key drivers in the rise of CPI in 2021. However, food prices have also posted consistent gains that have put a strain on consumers. This is especially true in the meat and vegetables categories. Investors can look to offset these rising prices by owning grocery dividend stocks.

Empire Company (TSX:EMP.A) is still one of my favourites in this space. The company owns and operates top brands like Sobeys, Farm Boy, IGA, FreshCo, and others. Its shares have climbed 9.4% in 2021 as of close on September 15. However, the stock has dipped 6.1% month over month. Now is a great time to snatch this dividend stock on the dip.

In Q1 fiscal 2022, the company posted a marginal dip in earnings. However, this was primarily due to outsized numbers during the beginning of the pandemic last year. Shares of Empire possess a favourable price-to-earnings (P/E) ratio of 14. The stock offers a quarterly dividend of $0.15 per share, representing a modest 1.5% yield.

Dividend stocks in the oil and gas space are also a smart target

Oil and gas prices built serious momentum in the first half of 2021 on the back of resurgent demand. That eased up in the summer, but the sector is gaining steam again heading into the fall. Oil and gas price increases have been a big contributing factor in the inflation jump. **Imperial Oil** (TSX:IMO

)(NYSE:IMO) is a Calgary-based integrated oil company. This dividend stock is up 45% in the year-to-date period.

The company delivered profit of $366 million in the second quarter of 2021. Meanwhile, its production surged to a 25-year high. Imperial Oil last paid out a quarterly dividend of $0.27 per share. That represents a 2.9% yield.

One more dividend stock I'd buy as inflation picks up

Dollar store retailers have attracted a broader pool of consumers over the past decade. Rising prices at their competitors should drive even more Canadians to **Dollarama** (TSX:DOL) locations. Moreover, the company will receive a boost as it will be able to sell non-essential items again. Shares of Dollarama have increased 6.7% in the year-to-date period.

In Q1 fiscal 2022, Dollarama delivered sales growth of 1.6% to $1.02 billion. This was a solid performance in the face of very challenging conditions. Dollarama has a solid P/E ratio of 29. It offers a quarterly dividend of $0.05 per share. This represents a 0.3% yield.

CATEGORY

1. Dividend Stocks
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2. TSX:DOL (Dollarama Inc.)
3. TSX:EMP.A (Empire Company Limited)
4. TSX:IMO (Imperial Oil Limited)

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