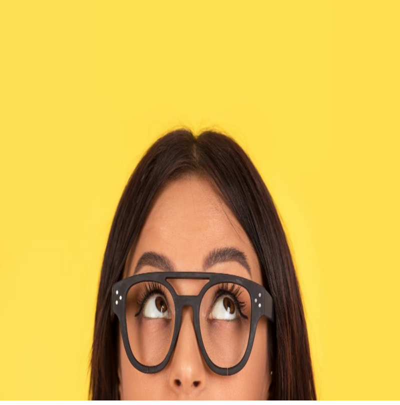

# Inflation Is SOARING! 3 Stocks That Could Offer Protection

## Description

Inflation is on the rise in Canada.

As of the most recent report, Canada's inflation rate was running at 4.1% in August.

That is a 4.1% increase in the Consumer Price Index–the basket of goods that represent what the average Canadian buys.



Until recently, Canada's inflation rate had been surprisingly modest. The U.S. had been running at over 5% for several months, but Canada wasn't even cracking 4%. The August report changed all that. With inflation at 4.1%, Canada's price level is rising a lot. Perhaps not as much as the United States, but to an appreciable degree.

This situation has some bearing on investors. Not all investments are capable of keeping up with inflation. Bonds, for example, are known to become less desirable as the inflation rate rises. In times of inflation, you really need to keep an eye on what you're buying. With that in mind, here are three stocks that could do well in our current high-inflation environment.

## CN Railway

The **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is one stock that could do well in a high inflation environment. The price of goods is rising right now, but the price of rail transport is rising right along with it. This means that CNR should pick up higher revenue to go along with the higher cost of goods it transports. CN's most recent quarter was pretty decent, with double-digit growth over the same quarter in 2020.

Of course, 2020 was the year of mass COVID-19 lockdowns, which caused CNR's revenue to dip. It's not that hard to grow from such a weak base period, but still, the point stands: CN Railway is recovering from the damage it took in 2020.

## Suncor Energy

**Suncor Energy** (TSX:SU)(NYSE:SU) is another stock that may offer a bit of protection against inflation. The company is involved in extracting and selling oil–one of the commodities that have been rising in price this year. A big part of Suncor's business is refining oil into gasoline and selling it at its Petro-Canada gas stations.

You might have noticed that the price of gasoline is on the rise this year, and Suncor is making money off that fact. In its most recent quarter, Suncor posted solid increases in revenue, earnings, and cash flow. This will continue as long as the price of oil remains high.

## Enbridge

**Enbridge** (TSX:ENB)(NYSE:ENB) is another energy stock like Suncor. This one doesn't make money by extracting and selling oil, but by transporting it. Enbridge makes money by charging oil companies to transport oil across its network of pipelines. This business model doesn't directly profit off higher oil prices in the way that an integrated energy company does.



However, higher oil prices might mean higher demand, increasing the likelihood of Enbridge doing high volume. High volume translates to higher revenue. Also, Enbridge has some room to raise its rates in times of heavy demand. This is subject to regulations, but it can occur and thus will help line the company's pockets.

By the way, this stock has a massive 6.6% dividend yield, so that's an added bonus if you're an income investor.

**CATEGORY**

1. Dividend Stocks

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:SU (Suncor Energy Inc.)
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5. TSX:ENB (Enbridge Inc.)
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