3 Dividend Stocks to Buy As Inflation Rises

Description

I'd warned Canadians about rising inflation back in the early spring of 2021. The rate of inflation has only picked up since then. Statistics Canada recently revealed that inflation ticked up to 4.1% in the month of August. This represented its highest point in almost 20 years. Moreover, the Bank of Canada appears resigned to seeing inflation remain above its 2-3% target, which should spur investors to snatch up dividend stocks that can flourish in this climate.

The inflation surge has given a big boost to oil and gas prices

The oil and gas sectors have seen a big boost in the late summer and early fall. Tight supply and rising demand have created a perfect storm that has only been bolstered by rising inflation. In August, Gasoline prices rose 32% from the prior year. Meanwhile, the price of Western Canadian Select (WCS) has more than doubled year over year.

Suncor Energy (TSX:SU)(NYSE:SU) is one of my favourite dividend stocks to snatch up as oil and gas prices soar. This is one of the largest integrated oil companies domestically and globally. Its shares have increased 36% in 2021 as of close on October 14. The stock has spiked 17% month over month. Suncor's total upstream production and funds from operations saw a strong spike in the second quarter of 2021. It looks poised to deliver another improved Q3 2021 report.

This dividend stock possesses a price-to-earnings ratio of 29, putting Suncor in solid value territory compared to its industry peers. It offers a quarterly dividend of $0.21 per share, representing a 2.8% yield.

Grocery-oriented dividend stocks are still a great hold in this climate

In September, I'd discussed why grocery retailers were the perfect target during this inflationary period. Statistics Canada reported that meat prices jumped 6.9% in August. Moreover, a Dalhousie University study suggested that food price inflation may be double what the official data suggests. Canadians should try to sidestep this crushing price crunch by snatching up grocery retail dividend stocks.

Loblaws (TSX:L) is the largest food retailer in Canada. It also owns and operates top brands like President's Choice, No Name, and Joe Fresh. Shares of this dividend stock have climbed 43% in 2021.

In Q2 2021, Loblaws delivered revenue growth of 4.5% to $12.4 billion. Meanwhile, adjusted EBITDA increased 36% to $1.37 billion. Loblaw stock still possesses a solid P/E ratio of 23. It last paid out a quarterly dividend of $0.365 per share. That represents a modest 1.6% yield.

One more retailer to snatch up as inflation rises

Retailers were hammered during the COVID-19 pandemic. Mass closures for brick-and-mortar retailers forced companies to bolster their digital commerce footprint. Inflation may provide a boost to these struggling entities in the near term.

Canadian Tire (TSX:CTC.A) is a retailer that can benefit from higher product prices and higher gasoline prices. This Toronto-based company is a top domestic retailer for a variety of retail goods and services. Shares of this dividend stock have increased 8.7% in 2021. However, the stock has dropped 7.5% month over month. In Q2 2021, Canadian Tire delivered consolidated revenue growth of 20%. Better yet, that was excluding petroleum sales.

This dividend stock last had an attractive P/E ratio of 9.5. It offers a quarterly dividend of $1.175 per share. That represents a 2.6% yield.

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