Canadians: Best Dividend Stocks to Buy as Inflation Soars

Description

Inflation is weighing on consumers across the developed world in the wake of the COVID-19 pandemic. Governments moved forward with unprecedented social spending in order to combat this crisis. Now, central banks appear resigned to a period of relatively high inflation. Canadians should look to snatch up dividend stocks that can protect their savings during this period. Let's dive in.

Why Canadians should snag oil and gas stocks right now

The increase in gasoline prices drove the near 20-year-high inflation spike that Canadians witnessed in the month of August. Moreover, oil prices have also gathered huge momentum since the end of the summer. That should drive Canadian investors to consider dividend stocks in the oil and gas space.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is a Calgary-based company that is engaged in the acquisition, exploration, development, production, marketing, and sale of crude oil, natural gas, and natural gas liquids. Its shares have climbed 68% in the year-to-date period. The stock has spiked 27% month over month.

This dividend stock possesses a favourable price-to-earnings (P/E) ratio of 15. It last paid out a quarterly dividend of $0.47 per share, representing a 3.5% yield. This is a stock well worth snatching up as inflation surges.

Grocery retailers are reaping the rewards of the inflation eruption

Food prices have climbed steadily in recent years. However, the weight on consumers has grown considerably heavier over the past year. A recent study from Dalhousie suggests that food price inflation may be double what is suggested. Grocery retailers have gobbled up big profits since the start of the pandemic.

Metro (TSX:MRU) is a Montreal-based grocery retailer that also owns and operates drug stores. In Q3 2021, the company saw adjusted net earnings drop 4.1% year over year to $261 million. This was primarily due to a huge spike in sales during the beginning of the COVID-19 pandemic. Food same-store sales were still up 11% from the same period in 2019.

Shares of Metro last had a P/E ratio of 18. That puts his dividend stock in favourable value territory at the time of this writing. It last paid out a quarterly dividend of $0.25 per share, representing a modest 1.6% yield.

One more stock I'd snatch up to combat inflation

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is the last dividend stock I'd look to target, as inflation rises to a nearly two-decade high. This Oakville-based company owns and operates a portfolio of regulated and non-regulated generation, distribution, and transmission utility assets in North America, Chile, and Bermuda. Its shares have dropped 10% in 2021.

Utilities have proven resilient in the face of the COVID-19 pandemic. Moreover, green energy dividend stocks like Algonquin have a bright future as the public and private sector commits to this revolutionary transition. This is a stock you can trust as inflation soars. In the second quarter of 2021, the company delivered revenue growth of 54% to $527 million. Meanwhile, adjusted EBITDA increased 39% to $244 million.

This dividend stock possesses an attractive P/E ratio of 13. Better yet, it offers a quarterly distribution of $0.171 per share. That represents a solid 4.6% yield.

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1. Dividend Stocks
2. Investing

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2. NYSE:CNQ (Canadian Natural Resources)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:MRU (Metro Inc.)

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