Inflation Soars Again: Here Are 3 Dividend Stocks I'd Buy Right Now

Description

Earlier this month, I'd discussed how Canadian investors should respond to the inflation rate rising to 4.1% in August. This week, Statistics Canada revealed that its consumer price index increased to 4.4% in the month of September. That represented the highest rate since February 2003. Today, I want to look at three dividend stocks that are worth snatching up in this climate.

Surging food prices should keep your focus on grocery stocks

Grocery retailers are still a top target, as inflation increases to a nearly 20-year high. Food price inflation was a big part of September's high rate. Indeed, the cost of food rose 3.9% in the year-over-year period, up from the 2.7% rate posted in August. Food purchased in store was up 4.2% compared to a 3.1% price increase in restaurants.

Loblaw (TSX:L) is the largest grocery retail company in Canada. This dividend stock has climbed 46% in 2021 as of early afternoon trading on October 22. Its shares have bounced back quickly from the dip it suffered in late September. In Q2 2021, the company delivered revenue growth of 4.5% to $12.4 billion. Meanwhile, its CAGR was 6.3% for Food Retail over the last two years. Adjusted EBITDA jumped 36% to $1.37 billion.

Shares of Loblaw possess a favourable price-to-earnings (P/E) ratio of 23. It offers a quarterly dividend of $0.365 per share, representing a modest 1.5% yield.

Oil and gas prices are erupting: Snag this dividend stock

Last week, I'd recommended energy stocks for investors to scoop up, as oil and gas prices were on the rise. Statistics Canada reported that Canadians paid 32.8% more at gas stations in the month of September. Annual inflation would have been 3.5% without this significant increase.

Suncor Energy (TSX:SU)(NYSE:SU) is one of the largest integrated energy companies in Canada. Shares of this dividend stock have climbed 30% in the year-to-date period. The stock is up 74% in the year-over-year period. Suncor is set to release its Q3 2021 results on October 27.

In the second quarter of 2021, the company posted a profit of $868 million. This was up from a net loss of $1.35 billion or $0.88 per share in the previous year. Suncor last had a P/E ratio of 28, putting the dividend stock in solid value territory. Moreover, it offers a quarterly dividend of $0.21 per share. That represents a 3% yield.

One more dividend stock to snatch up in this climate

Royal Bank (TSX:RY)(NYSE:RY) and its peers have posted strong results during the economic recovery. Some analysts have indicated that these high inflation rates suggest that the economy is still healing from the impacts of the COVID-19 pandemic. Royal Bank and its peers offer investors a balanced investment option.

Shares of this dividend stock have climbed 27% in the year-to-date period. In Q3 2021, net income climbed 34% year over year to $4.3 billion. Shares of Royal Bank still possess a favourable P/E ratio of 12. It last paid out a quarterly distribution of $1.08 per share. That represents a 3.2% yield. Royal Bank is a very solid target as inflation weighs heavily on Canadian consumers.

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