3 Wide-Moat TSX Dividend Stocks to Beat Inflation

Description

Inflation is heating up.

In the U.S., the **Consumer Price Index** (CPI) has been rising by over 5% for several months, while Canada's most recent reading was 4.4%. These are the highest numbers seen in years. And some think things will get much worse. Jack Dorsey, for example, recently took to **Twitter** to claim that hyperinflation was already occurring. It was a hyperbolical comment, no doubt, but it reflected a real feeling that many people today share.

Whether hyperinflation will actually occur remains to be seen. It is undeniable, however, that we are seeing significant inflation. In such an environment, it pays to invest. During the Weimar hyperinflation, stocks absolutely soared, not only in terms of German marks but also in U.S. dollar terms. In this article, I will explore three wide-moat dividend stocks that could help you fight inflation.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is a gas station/convenience store company. It makes its money off a combination of gas sales and sales of miscellaneous goods (chips, soft drinks, cigarettes, etc). The stock is up nearly 1,000% over the last 10 years. ATD.B had an incredible run in the 2010s, thanks to its aggressive yet prudent acquisition strategy. It spent significant sums of money buying up smaller convenience store chains like Circle K, but never leveraged itself too much to get them. The end result was a global empire of more than 1,000 stores across Canada, the U.S., and Europe. In 2021, we've got oil and gas prices on the rise, which should benefit ATD.B going forward

CN Railway

The **Canadian National Railway** (TSX:CNR)(NYSE:CNI) is another stock with a great chance of doing well in a situation where inflation soars. Like ATD.B, it had a rough time in 2020 but is now growing by leaps and bounds in the recovery. In its most recent quarter, CNR beat analyst estimates, with earnings up 9.5%. It was a pretty solid quarter. And CN Rail would be able to keep it up in the event of heavy inflation. As the price of goods rises, so too does the cost of shipping them. Railroads are always cheaper than shipping by train or by air, so CNR has a lot of room to raise its rates. Therefore, it would likely not take any serious damage in heavy inflation–even hyperinflation–scenario. This is a solid stock that I'm personally holding long term.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is one final stock that has the potential to do well in a scenario of heavy inflation. The company makes money by shipping oil and gas. The prices of those goods are absolutely soaring right now, so ENB should have no trouble should it choose to raise its transportation rates. The company also enjoys something of a moat. It already owns the largest pipeline network in North America.

On top of that, competitors' pipelines–like Keystone XL–keep getting cancelled or delayed by regulators. Throw all these advantages together and you've got a wide moat stock that should perform well in times of heavy inflation. The 6.3% dividend yield doesn't hurt either.

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