



Worried About Inflation? Invest in These 2 Stocks

Description

Ever since the pandemic began, countries have been stimulating their economies to prop them up and keep them from falling into a deep recession. The massive injection of cash into economies was certainly necessary, even though we knew it would likely cause inflation, as it helped a lot of Canadian stocks to recover quickly.

So, although many experts have been calling for inflation over the last year, the more important issue was keeping economies robust. Now, though, that the pandemic is starting to wind down, and with a large portion of our population vaccinated, the virus continues to have less of an economic effect.

However, inflation is already here, and some prices for goods have been soaring astronomically. Officially in Canada, inflation has been over 4% now for the last few months. But some goods, especially essential goods that have been rising faster in price, may make that seem low.

Not to worry, though. While we can't control macroeconomic factors, we can find high-quality Canadian stocks to help offset the effects of inflation.

So, if you're worried about rising prices and want to minimize the effects or even take advantage of the opportunity it creates, here are two top Canadian stocks to buy now.

Real estate is an excellent investment as inflation is rising

There are a few industries that are well known to be great long-term investments, especially if you're worried about inflation. Residential [real estate](#) is one of the best to consider.

So, if you're looking for a high-quality Canadian stock to buy today, **InterRent REIT** ([TSX:IIP.UN](#)) is one of the top stocks I would recommend for this high-inflation environment.

The reason that real estate stocks, especially residential real estate, are such good investments during periods of rising inflation is that they can generally get away with charging more for rents. And InterRent is particularly attractive, because it has prioritized consistent rent increases for some time.

During the pandemic, InterRent gave up some occupancy in the short run in order to keep its rents climbing. The fund invests a lot in upgrading its buildings and increasing the value of its suites in order to consistently increase rents, so this was not surprising to see.

Plus, it was a crucial decision because it paid off for InterRent, occupancy is now recovering, and average monthly rent continues to grow. In June, InterRent's occupancy was around 91%. Today it's recovered to roughly 95%. Furthermore, its average monthly rent for its total portfolio now stands at \$1,367 compared to \$1,302 at the same point last year, an increase of 5%.

And thanks to this strong performance, InterRent just increased its dividend once again. So, if you're looking for a high-quality Canadian stock to help offset the effects of rising inflation, InterRent is a great choice.

Consumer staple stocks can help offset the impacts of inflation

Another excellent industry to find Canadian stocks that can benefit in this high-inflation environment is [consumer staples](#). In general, you want businesses that can pass on their increased costs to consumers. That's why residential real estate is a great industry. Everyone needs somewhere to live.

It's also why consumer staple stocks like **North West Company** ([TSX:NWC](#)) are worth an investment, as consumers need to eat and buy their essential household goods.

Essential goods and food are some of the first prices that we as consumers tend to notice increasing. That's because these companies can generally maintain their margins as their input costs rise without having to worry about losing sales.

Plus, consumer staples are generally highly robust stocks, and North West is easily one of the best. Lately, it's been consistently improving its margins and growing its profitability rapidly. It's even a Dividend Aristocrat that currently pays a dividend with a yield upwards of 4.1%.

Buying stocks for certain periods like higher inflation can make sense. But at the end of the day, we want to find stocks that can help us in the current environment but that we can also continue to hold long term.

So, if you're looking for a high-quality Canadian stock to buy for this high-inflation environment and beyond, North West is one of the best to consider.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:IIP.UN (InterRent Real Estate Investment Trust)
2. TSX:NWC (The North West Company Inc.)

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