3 Red-Hot Canadian Stocks to Buy as Inflation Soars

Description

Last week, Statistics Canada revealed that inflation reached 4.7% in the month of October. That represented the highest monthly jump since February 2003. Gasoline prices led the charge, rising 41% compared to October 2020. Even without the surge in gas prices inflation would have reached 3.3% last month. Today, I want to look at three scorching Canadian stocks to snatch up in this inflationary climate.

Grocery stocks are still a great pick after October's inflation report

Food prices have continued to surge in this environment. Meat prices surged 10% in the year-over-year period in October 2021. I'd suggested that investors could protect themselves against inflation by scooping up grocery stocks in early October. **Loblaw** (TSX:L) is the largest food retailer in Canada. This Canadian stock has climbed 53% in 2021 as of early afternoon trading on November 23.

The company unveiled its third-quarter 2021 results on November 17. Revenue rose 2.4% year over year to $16.0 billion. Meanwhile, operating income climbed 20% to $863 million. Adjusted EBITDA increased 10% to $1.67 billion.

Shares of this Canadian stock possess a favourable price-to-earnings (P/E) ratio of 23. It offers a quarterly dividend of $0.365 per share. That represents a modest 1.5% yield.

Here's a Canadian stock that has benefited from rising commodity prices

Commodities have thrived in 2021, as inflation has soared. Potash prices have soared above US$600/ton in 2021 compared to US$350 per ton in the previous year. **Nutrien** (TSX:NTR)(NYSE:NTR), a Saskatchewan-based company that provides crop inputs, services, and solutions, has built big momentum in 2021. The Canadian stock is up 38% so far this year.

In Q3 2021, Nutrien delivered record adjusted EBITDA of $4.7 billion for the first nine months of the year. The company moved to boost its full-year 2021 adjusted EBITDA and adjusted net earnings per share guidance. Potash adjusted EBITDA soared 131% over Q3 2020 and 71% in the year-to-date period.

This Canadian stock possesses an attractive P/E ratio of 17. It last paid out a quarterly dividend of $0.46 per share. That represents a 2.6% yield. Nutrien is in a great position, as potash prices continue to soar in 2021.

Surging steel prices have also boosted this Canadian stock

In August, I'd discussed rising steel prices in this inflationary environment. This has been great timing for **Stelco** (TSX:STLC), the Hamilton-based company that produces and sells steel products to domestic and global customers. Shares of this Canadian stock have soared 92% in the year-to-date period. The stock is up 182% compared to the same time in 2020.

The company unveiled its third-quarter 2021 earnings on November 10. Revenue increased 47% quarter over quarter to $1.35 billion. Meanwhile, adjusted EBITDA grew 58% to $787 million. Stelco also posted shipping volume growth of 5% over the previous quarter to 710,000 tons. Better yet, average selling price per ton increased 40% quarter over quarter to $1,808.

Shares of this Canadian stock possess a very favourable P/E ratio of 3.6. It hiked its quarterly dividend payout by 50% to $0.30 per share. That represents a 2.6% yield.

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