3 Dividend Stocks to Buy After Inflation Hits an 18-Year High

Description

A week ago, Statistics Canada released its inflation report. The annual pace of inflation rose to 4.7% in the month of October. That represented the largest year-over-year increase since February 2003. The Bank of Canada (BoC) and its central bank peers have their sights on inflation numbers, but policymakers will not pursue a trigger-happy rate policy in response. This means investors should expect to see high inflation into 2022. Today, I want to look at three dividend stocks that are well worth buying in this climate. Let's jump in.

Surging oil and gas prices are keeping up inflation and energy stocks

Gasoline prices jumped 41% in the year-over-year period in October. That represents the fastest increase since this past May. Energy stocks in the oil and gas sector have gone on a tear in 2021. **Suncor Energy** (TSX:SU)(NYSE:SU) is one of the largest integrated energy companies in the world. Shares of this dividend stock have climbed 54% in 2021 as of close on November 23.

In Q3 2021, the company reported funds from operations of $2.64 billion, or $1.79 per common share — up from $1.16 billion, or $0.76 per common share, in the third quarter of 2020. Meanwhile, net earnings rose to $877 million compared to a $12 million loss in the previous year. Net earnings in the first nine months of 2021 rose to $2.56 billion over a net loss of $4.15 billion in the year-to-date period in 2020.

Suncor moved to double its quarterly dividend payout to $0.42 per share. That represents a strong 5% yield. Shares of this dividend stock possess a favourable price-to-earnings ratio of 20.

Here's another top dividend stock in the energy space worth holding

Cenovus Energy (TSX:CVE)(NYSE:CVE) is another integrated oil and natural gas company that is worth targeting in this inflationary environment. This dividend stock has soared 105% in the year-to-date period. Its shares are up 131% from the same time in 2020.

Like Suncor, Cenovus benefited from soaring oil and gas prices in its third quarter 2021 report. Adjusted funds flow shot up 475% year over year to $2.34 billion. Meanwhile, net earnings were reported at $551 million — up from a net loss of $194 million in Q3 2020. Total upstream production climbed 71% to 804,800 barrels of oil equivalent per day (BOE/d).

This dividend stock is trading in attractive value territory compared to its industry peers. It last paid out a quarterly dividend of $0.035 per share, which represents a modest 0.8% yield.

This dividend stock will benefit from higher CPI in North America

Rising food prices have also put a major strain on consumers in recent years. Indeed, meat prices jumped 10% year over year in the month of October. Investors looking for a hedge in this climate may want to consider the **Slate Grocery REIT** (TSX:SGR.UN). This Toronto-based real estate investment trust (REIT) owns and operates U.S. grocery-anchored real estate. Investors should consider this dividend stock that will benefit from rising food prices in North America.

This REIT has climbed 19% so far this year. Its shares are up 9.1% from the same period in 2020. In Q3 2021, Slate Grocery saw rental revenue rise 6.6% from the prior year to $34.0 million. Moreover, net income jumped 25% to $9.60 million.

Slate Grocery offers a monthly dividend of $0.072 per share. That represents a monster 8% yield.

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