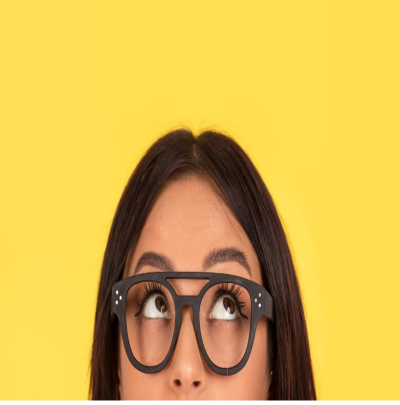

2 TSX Stocks to Fight Rising Inflation Rates

Description

Inflation rates are going higher and higher, and the Bank of Canada has announced that it understands the need to control the situation, because it could hamper economic growth. The central bank is now under pressure, and it might have to consider raising interests far sooner than it might have planned.

Some economists predict that Canadians will face surging inflation rates in 2022 along with interest hikes. The inflation rate rose from 4.4% in September 2021 to 4.7% in October 2021. The massive surge in a month has led to inflation rates rising to the highest they have been since 2003.

Rising inflation does more than increase living costs. It also devalues your investment while eating up your purchasing power. It is becoming increasingly important to protect your investment portfolio from rising inflation rates.

Today, I will discuss two dividend stocks that could help your portfolio contend with rising inflation rates.

Fortis

Fortis (TSX:FTS)(NYSE:FTS) stock is a no-brainer for investors who don't mind owning shares of a "boring" company that doesn't offer rapid capital appreciation. The company's stability on the stock market comes with the promise of steady and reliable shareholder dividends, because it is an ideal defensive asset to own.

The utility holdings company owns several natural gas and electric utility businesses throughout Canada, the U.S., and the Caribbean, serving around 3.4 million customers. Fortis generates most of its revenues through rate-regulated and long-term contracted assets, virtually guaranteeing predictable cash flows for the company. It means that the company can easily fund its capital projects and growing shareholder dividends.

At writing, Fortis stock is trading for $55.96 per share, and it boasts a juicy 3.82% dividend yield. Its growing shareholder dividends could help you keep pace with inflation rates.

Choice Properties

Choice Properties Real Estate Investment Trust (TSX:CHP.UN) and other REITs in the residential sector could become attractive investments to consider, as the higher rate environment slows down Canada's red-hot housing market. REITs are alternatives to purchasing physical properties at inflated valuations, allowing investors to benefit from the movements in the real estate sector without a massive cash layout.

Choice Properties is one of the few REITs that boast the status of being a Canadian Dividend Aristocrat. The REIT has been paying its shareholders at a juicy dividend yield for a long time. At writing, it trades for $14.56 per share and boasts a 5.08% dividend yield. The company boasts a diversified portfolio of real estate assets that could keep growing its cash flows in the coming years.

Foolish takeaway

Hedging your investment portfolio against rising inflation rates could be the best move you can make right now. It remains to be seen when inflation rates will cross the 5% mark soon, but it is undoubtedly on the horizon.

These two income-generating assets could provide you with the dividend income necessary to keep pace with and beat rising inflation rates.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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