



Worried About Inflation in 2022? 2 Canadian Stocks to Buy Now!

Description

One of the biggest stories of the year has been the growing impact inflation is having on the economy and the complications it adds for investors trying to find the best Canadian stocks to buy now.

Prices are rising for many goods, the labour market has been continuing to tighten, yet the Bank of Canada has still been reluctant to increase interest rates, as the economy is still in a recovery phase.

However, the bank did warn that higher inflation will continue to persist in 2022 and no longer is using the word *temporary* when it comes to commenting on inflation.

This is why it's crucial that investors start thinking not only about how it may impact their personal finances in 2022 but also how it may impact their stock portfolios. Even in the U.S., just this morning, new inflation figures were announced for November, and they reached a 39-year high of 6.8%.

So, if you're worried about the impact inflation could have, here are two stocks that should not only be able to offset the impacts of inflation but could even potentially benefit.

A top Canadian consumer staple stock to buy for higher inflation

There are a few qualities to look for when looking for a high-potential Canadian stock to buy in a high-inflation environment. You want to look for stocks that can pass on their higher costs to consumers so that their margins don't shrink. However, you also want industries that won't see a slowdown in sales just because prices are rising.

This is why consumer staple stocks, which sell food and other essential items, are some of the top businesses to own in this environment. And one of the top Canadian consumer staple stocks to buy now, which has already been performing well as inflation has picked up, is **North West** ([TSX:NWC](#)).

North West operates most of its business in northern Canada and Alaska, with about 20% of its business located in the Caribbean. The company owns grocery stores and supermarkets, which is why

it's such a reliable stock to own long term and is an excellent choice for this high-inflation environment.

Not only is it in an excellent industry that can pass increases in costs along to consumers, but with all the improvements it's made to its operations, improving its margin over the last half decade, North West is in great shape. Part of those improvements included acquiring its own small airline, which it can use to better manage its supply chain, especially as it brings goods into these remote communities.

The stock just reported earnings this week, smashing expectations and showing that it's already reporting strong results with the price increases that we've seen so far.

So, as inflation is likely to get worse before it gets better, North West and its 4% [dividend](#) yield is one of the best Canadian stocks to buy now.

A high-quality retail growth stock

Another excellent Canadian stock to buy in any environment, but especially in this high-inflation environment, is **Dollarama** ([TSX:DOL](#)).

As inflation rises and hurts consumers' purchasing power, it's natural to look for lower-priced, inferior substitutes as you buy essential goods. So, naturally, low-cost retailers like Dollarama can expect an increase in sales, as more consumers try to get the most bang for their buck and limit the effects of inflation.

Dollarama is another stock that reported strong earnings this week. What's attractive about Dollarama is that not only is it growing at an attractive pace in Canada, opening new stores each year and growing its same-store sales consistently, but it also owns Dollar City, a dollar store chain in Latin America, where the effects of inflation could be an even bigger tailwind.

With the continued potential to grow its operations, [analysts](#) now have an average target price of more than \$65 for Dollarama, with the highest being above \$75.

So, if you're worried about inflation continuing to pick up, Dollarama is easily one of the best Canadian stocks to buy now.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:NWC (The North West Company Inc.)

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