



## 3 Cheap Stocks for Hedging Against Inflation

### Description

Inflation is higher than normal and increasing the cost of living for Canadians. The Bank of Canada aims to keep the long-term inflation rate between 1% and 3% for a midpoint of 2%. According to Statistics Canada, the inflation rate was essentially 4.7% in November 2021 on a year-over-year basis. **Bank of Montreal** expects inflation to come down a bit, but it's still higher than normal at about 3.5% this year. So, Canadians will feel the pinch from buying groceries to paying for transportation.

How can you maintain your purchasing power? Investors can consider hedging against inflation with stocks that can potentially deliver returns of 5% or greater per year. This is a conservative target. In reality, you will most likely do better. Here are three cheap stocks you can consider investing in.

### Lightspeed stock: A cheap growth stock

**Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) remains a hot stock for debate. Most analysts appear to be cautious about the stock. Last month, Lorne Steinberg, president at Lorne Steinberg Wealth Management, commented that the stock is speculative because of its high price-to-sales multiple. Currently, at about \$50 per share, the tech stock trades at about 14.7 times last-12-month sales and 9.3 times next-12-month sales. In either case, it's expensive from the perspective of value investors, particularly when the stock still reports net losses quarter after quarter.

Interestingly, value investor Stephen Takacsy started nibbling [LSPD stock](#). Here's his comment from last month.

“[Lightspeed stock’s] not one we’ve owned being value investors. We think it’s actually a [value stock](#) right now so we’re picking away at it. It’s had a *tremendous* correction [that’s] very overdone, which started with some short report, which we went over and completely dismissed... It’s still growing tremendously, great margins, adding this payment solution, which is going straight to the bottom line... There’s probably a lot of tax-loss selling going on now so it’s probably a really good entry point at this level.”

*Stephen Takacsy, president, CEO and CIO at Lester Asset Management*

The average analyst consensus 12-month price target suggests 144% upside potential over the near term.

## Manulife stock: A cheap dividend stock

Stan Wong, portfolio manager at Scotia Wealth Management, just picked **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) stock as one of his top picks on *BNN*. He thinks the following will benefit Manulife. First, the yield curve is steepening. Second, wealth management continues to be in greater demand. Asia represents 38% of Manulife’s overall revenue, which is greater than any of its North American peers. He believes the life insurer will benefit long-term from the growing middle class in Asia.

Additionally, Manulife trades at a discount to its peer group at about one times price to book. The dividend stock yields 5.1% and is expected to grow around 10% a year.

## Whitecap stock

Michael Sprung, president of Sprung Investment Management, commented about **Whitecap Resources** ([TSX:WCP](#)) last month. He saw growth in the stock. It was raising its dividend, free cash flow, and finding growth opportunities. Sprung rates it as a top 10 in the oil and gas industry.

The WTI oil price surpassing the US\$80 per barrel level has been triggering a rally in oil and gas producers. Analysts still think there’s decent upside to Whitecap stock. The energy stock trades at \$8.58 per share at writing. 15 analysts are looking at an average 12-month price target of \$11.08 per share for 29% near-term upside potential. Additionally, Whitecap also offers a 3.1% yield.

Oil and gas producers are high-beta stocks, though. They can swing up or down in a more unpredictable way than the average stock. So, investors should be on high alert and keep a watchful eye on the oil and gas stocks they own.

### CATEGORY

1. Investing

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1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:LSPD (Lightspeed Commerce)

4. TSX:MFC (Manulife Financial Corporation)
5. TSX:WCP (Whitecap Resources Inc.)

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