TFSA Investors: 3 Prudent Investments to Help You Get a Leg Up on Inflation!

Description

Inflation hasn't backed down, as TFSA investors navigate into a new year with another $6,000 contribution to put to work. With tech stocks nosediving, buying the dip may seem like a wise idea. Still, higher inflation could entice the U.S. Federal Reserve to raise interest rates faster or more furiously! Indeed, it's tough to know specifics regarding the Fed's rate-hike schedule up ahead. Regardless, I think that investors should be prepared for persistent inflation. Although inflation could calm down once the Fed actually does hike rates a few times, there's always the possibility that it's harder to get the inflation genie back in its bottle.

Undoubtedly, the 1970s were a tough inflation-plagued time. The Fed had to settle with an economic recession to get that inflation genie back in the bottle. While I don't think we're in for a repeat, I think that modest rate hikes may not be enough to get inflation back to or below that 2% target. That said, deflationary forces are hard at work, with the innovative technology that's advanced over this past year. Still, deflationary forces are unlikely to have a sudden effect, such as to knock U.S. CPI from north of 6% to below 3%.

Protecting your TFSA from inflation!

In this piece, we'll look at three prudent investments that can help you stay ahead of the game, even as inflation persists for longer than expected.

Gold stocks, like Barrick Gold

Gold has a reputation as an inflation fighter. It's a lowly correlated asset that's had millennia to prove its use as a store of wealth. Indeed, gold has fallen out of favour in 2021, as crypto tokens took its shine away. With crypto and other speculative tech stocks fading in the early innings of 2022, a trend I expect to continue, gold could get its groove back!

Even if it doesn't, I find miners like **Barrick Gold** to be way too cheap to ignore. Barrick is one of the better-run operators in the space and is poised to rise faster than the spot price of gold bullion. The icing on the cake is a nice, nearly 2% dividend yield! Who says investing in gold is unproductive?

Commodity plays, like Crescent Point Energy stock

Commodities are another great place to shelter your wealth from inflation. Specifically, oil has been on a run of late. With many looking to the US$100 level as the next stop for WTI, I think now is as good a time as any to load up on a wide range of plays across the oil patch. **Crescent Point Energy** (TSX:CPG)(NYSE:CPG) stands out to me as a dirt-cheap option to stay ahead in 2022. The stock is incredibly cheap and could have room to run if oil surpasses US$100. I think US$120 isn't out of the question for the year, and the reaction to CPG shares could be considerable.

Oil may not be sexy, but as an inflation-fighter in a risk-on environment. I'd argue it is.

Cheap stocks with pricing power

Finally, cheap stocks that can pass on higher prices to consumers without suffering sales erosion are a great place to look. There are many such names, most notably **Restaurant Brands International**, with its robust portfolio of legendary brands. Although the firm may have to stomach higher costs now, I think that the brands will shine through at the end of the day.

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