



1 Passive Income Stock That Could Surge in 2022

Description

[Passive income stocks](#) may very well be one of the better ways to fight off inflation these days. Undoubtedly, dividends and distributions can help you offset the impact of 3%-5% inflation. With the Bank of Canada (BoC) standing pat in spite of skyrocketing goods prices, it's clear that Canadians cannot rely on the central bank to help them through these horrific price increases. That's why it's better to proactively invest in companies that can help you keep your purchasing power in the green. Sure, gold, Bitcoin, and other alternative assets can provide you with a lower correlation to the broader stock markets and perhaps help you make a considerable amount of cash in the face of soaring inflation. That said, such assets either have a mixed or missing track record when it comes to performance in environments where rates are poised to move higher.

Arguably, gold is the place to be if you think inflation is going to rocket. Still, Bitcoin and other crypto assets have taken their edge away. And it's really hard to tell if crypto is, in fact, the new gold. It could be, and that would not bode very well for gold's future. In any case, I think equities are the place to bet to fight inflation. Cheap value stocks with hefty dividends can help you make it through what could be a tough next few years.

Inflation is here. When will it go away? Nobody knows.

Undoubtedly, a dovish surprise could give inflation a free pass to continue hurting our purchasing power. Can the economy stomach a couple of rate hikes? It should, but if it can't, and central banks can't finally start raising interest rates, inflation could be the number one risk for investors. Still, many investors may be ill-equipped to deal with persistent inflation, with the belief that it's just transitory and that it'll pass with time.

What investors may not realize is that history (look back to the 1970s) suggests inflation isn't just something that will go away. Like a genie that's let out of the bottle, some effort needs to be put in to get the genie back in the bottle. Indeed, many have no idea what it was like to invest through inflationary times. It's tough, and it can be easy to forget, given how long high and persistent inflation can lay dormant. Indeed, the past year of inflation has been incredibly unpleasant. But there is hope for

those looking to make it through these awful price increases.

In this piece, we'll have a look at passive income stocks that can [help you win the fight](#) against inflation in 2022.

Enbridge: A top passive income stock to hold forever

Consider **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), a pipeline firm with a colossal 6.3% dividend yield at the time of writing. The dividend is safe and slated to grow at a good pace over the next five years. Undoubtedly, the energy sector is starting to look more attractive again amid rampant inflation and increased demand relative to supply. While Enbridge isn't as sensitive to oil prices as a producer, it is nevertheless poised to do well as its industry thrives again.

The dividend is a top reason to own the stock. It's not only large, but it's of high quality. Management showed in 2020 that it's willing to do nearly anything to keep its payout alive. Indeed, it would have been easier if the firm had trimmed its hefty payout. But it knows that investors are in the name for solid passive income over time. As such, they're willing to keep them happy, as they know that bad times do not last forever.

As the tides turn in the firm's favour again, it's tough to ignore the stock any longer. It has a tremendous cash-flow-generative business and improving ESG prospects. With a good amount of momentum behind the stock, I'd argue that a return to its glory days is just a matter of time. It'll be tough to stop the firm as it looks to inch closer to that all-time high not seen in over six years!

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Date

2025/07/20

Date Created

2022/02/08

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