



## Rising Gas Prices: 2 Canadian Stocks to Buy That Can Help Offset Inflation

### Description

In recent months [inflation](#) has been surging. Without even seeing the numbers reported, Canadians are undoubtedly noticing prices rising rapidly all over the place. And although we can't do much about these price increases and things like rising gas costs, there are high-quality Canadian stocks we can buy that will help offset the impacts of inflation.

When the pandemic first hit and everything was shut down, it was crucial for governments around the world to pump as much money as they could into the economy. However, now that there has been a strong economic recovery, all the cash that was first injected into the economy is creating inflation.

At first, you could argue we started to see asset price inflation, in the form of rapidly rising stock prices and cryptocurrencies as the dollar lost value. However, now in addition to several other supply chain factors, inflation in consumer goods has been significant.

So although we can't do anything about inflation and rapidly rising gas prices in the short term, here are two stocks you can buy that will benefit from the current market conditions.

### A top Canadian energy stock to buy now and hold for years

Energy producers are always stocks that have a tonne of growth potential, and one of the best to buy now and own for years is a natural gas producer like **Peyto Exploration and Development** ([TSX:PEY](#)).

[Natural gas](#) is the cleanest fossil fuel, far better for the environment than oil or coal. So although over the long run, we will be shifting to cleaner energy, the demand for natural gas will actually be rising for quite some time as we phase out dirtier fossil fuels.

Peyto specifically is one of the lowest-cost producers. This makes it one of the best Canadian energy stocks to buy for the long term, but it also allows it to have a tonne of growth potential when the economic environment is favourable.

So it's no surprise that over the last year, it's up by more than 100% as the energy industry recovered and is now surging. Peyto's more than doubling of its share price over the last year is hardly the most impressive thing about the recent rally, though. Now that the company is earning a lot more cash flow, it has increased its [dividend](#) significantly.

Through the pandemic, Peyto was paying out \$0.01 per share each quarter. However, as of last fall, it reinstated its monthly dividend and increased it to a whopping \$0.05 per share. So Peyto effectively increased its dividend by 15 times last fall, showing what an excellent position it's in today.

Therefore, if you want to offset the impacts of inflation, Peyto can continue to see its share price increase and offers a yield of just under 6%, making it one of the best stocks to buy now.

## A high-quality royalty stock

Another excellent energy stock, which has a tonne of upside but is slightly less volatile than Peyto, is **Freehold Royalties** ([TSX:FRU](#)). Freehold is another top Canadian stock to buy and hold long term.

However, it's performing particularly well lately, as inflation and higher demand for energy continue to push prices higher, which is why it's one of the best Canadian stocks to buy now.

The reason it's less risky is that it collects a royalty rather than producing energy itself, it has little debt, and it has better geographic diversification, recently expanding its portfolio south of the border.

And while Peyto's dividend increase was impressive, Freehold's has been too. Since the end of 2020, Freehold has increased its dividend on five separate occasions. In addition, over the last year, it's earned investors a total return of more than 140%, which is why it's a top Canadian stock to buy during this significant inflation.

Plus, on top of the capital gains potential it continues to offer, Freehold also pays a meaningful dividend as well. Currently, the stock offers an impressive yield of 5.4%.

So if you're worried about rising gas prices and higher inflation across the board, Freehold is one of the best Canadian stocks to buy that will help you take advantage of the economic environment.

### CATEGORY

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#### **Date**

2025/06/29

#### **Date Created**

2022/02/08

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