



## Inflation Rises 5.1%: Here Are 2 TSX Stocks to Beat it Back

### Description

Inflation in Canada hit a three-decade high in January, rising 5.1% compared to the year before. The last time inflation rose past 5% was 1991, according to Statistics Canada. Just so you can *really* get a grasp on how long ago that was, consider this. Billboard's number one song was "Everything I Do (I Do It For You)" by Canadian legend Bryan Adams. Also, *Terminator 2: Judgment Day* topped the box office.

January was the 10th month in a row that inflation beat Bank of Canada's target of between 1% to 3%. It also beat estimates for the month of 4.8%. All this continues to put pressure on the Bank of Canada and Canadians' wallets.

### Where Statistics Canada saw the most inflation

It won't come as a surprise to most Canadians that the most necessary of items saw massive inflation in January. Meanwhile, the average wage isn't increasing even *close* to the same pace as inflation. Therefore, you're making the same amount but paying more to buy exactly what you did last year.

Supply chain problems, home prices rising, and commodity prices rising — there are a lot of risks for the outlook of Canadians. Shelter costs rose 6.2% in January, with lumber and building materials soaring in price. Grocery prices also rose a similar 6.5%, fueled by bad weather and higher shipping costs. Speaking of fuel, I'm sure you also noticed gas prices soaring 4.8% as energy prices rise.

The even worse news? Analysts don't believe this is going to suddenly stop in February. And I'm sure you already noticed this. The outlook for 2022 looks poor, as inflationary pressure continues. Canadians can therefore expect the Bank of Canada to weigh in next month and see a steady increase in rate hikes to bring inflation to a halt.

### How to prepare

As I alluded to, this isn't going to happen overnight. It used to be that inflation was around that 2%

mark, and that was pretty easy to replicate in your investments. But after surpassing 5% last month, Canadians need to dig deep and find some better performers — but *safe* performers. And great options include exchange-traded funds (ETFs).

Buying ETFs is like having a whole portfolio that's run by experts. You simply pay a small fee and can look forward to often stable growth that may not be in the double-digit range, but that means the falls aren't in the double digits either.

## Get inflation-beating performance

Two I would consider today are **Vanguard FTSE Canada All Cap Index ETF** ([TSX:VCN](#)) and **Horizons S&P/TSX 60 Index ETF** ([TSX:HXT](#)). These are all-equity funds that seek to replicate the Canadian market. You pretty much get the stock market served to you with a silver spoon.

The Vanguard FTSE ETF tracks and aims to perform as closely to the [broad](#) Canadian equity index as possible. This comes from investing in large, mid- and small-capitalization, publicly traded companies on the Canadian market. Horizons focuses in more on the top 60 performers on the TSX. Both are managed by financial managers that constantly update the portfolio, so you don't have to.

And even during these dips, Vanguard and Horizons have remained [strong](#). During the last year, Vanguard rose 16%, and Horizons rose 21%. Vanguard also offers a dividend of 2.59%, though Horizons doesn't. Over the last five years, Horizons has risen 64%, and Vanguard has risen 39%. That's a compound annual growth rate of 11.84% and 6.76%, respectively — all while not worrying about major market losses.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:HXT (Horizons S&p/tsx 60 Index ETF)
2. TSX:VCN (Vanguard FTSE Canada All Cap Index ETF)

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