



Worried About Inflation? Consider These 2 Stocks

Description

Economists have been warning about the fearful situation created by high inflation rates. The inflationary environment could last for a while, even after the Bank of Canada introduces rate hikes to bring it down.

The BoC has set a target of bringing inflation rates down to 2%. It will be a massive feat after inflation rates hit 4.8% in December 2021. Achieving that goal could entail several [interest rate hikes](#) until 2023. Investors worried about the inflationary conditions should consider taking measures to hedge against it.

Utility stocks and gold stocks tend to perform better than most other stocks during inflationary periods. Utility stocks are also an ideal space for investors who want to use [dividend investing](#) to continue getting regular returns on their investment to combat higher inflation rates.

Today, I will discuss two dividend stocks you could consider for your self-directed portfolio to fight off inflation.

Fortis

Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#)) is one of the best defensive stocks for any volatile market. The \$27.35 billion market capitalization company owns and operates diversified electric utility businesses across Canada, the U.S., Central America, and the Caribbean. It provides an essential service to over 3.4 million customers, relying on highly rate-regulated assets to generate most of its cash flows.

Fortis is a Canadian Dividend Aristocrat with a 48-year dividend growth streak that looks well-positioned to continue for years to come. Predictable cash flows allow its management to fund its dividend payouts comfortably. It also announced a \$20 billion capital plan to raise its rate base, providing the potential for further dividend hikes.

Fortis stock trades for \$57.83 per share at writing, and it boasts a juicy 3.70% dividend yield.

B2Gold

Gold is a safe-haven asset for many investors during volatile markets, and people start buying gold in droves when they are rattled with uncertainty. Instead of taking your money out of the stock market, investing it in a gold-related business like **B2Gold Corp.** ([TSX:BTO](#)) could be a better way to go. B2Gold is a gold producer with three operational mines in Namibia, Mali, and the Philippines.

The Vancouver-based \$5.60 billion market capitalization mining company produced over 1 million ounces of gold in 2021, marking its 13th consecutive year of breaking its annual production record. Rising inflation could lead to a hike in gold prices, improving its profits and translating to greater returns for its shareholders.

At writing, B2Gold stock trades for \$5.32 per share, and it pays its shareholders at a juicy 3.80% dividend yield.

Foolish takeaway

Diversifying your portfolio is an important strategy to hedge against inflation. Allocating a portion of your portfolio to TSX stocks that can perform well during such environments could be an excellent way to achieve a degree of [protection against rising inflation](#). Fortis stock and B2Gold stock could be ideal investments for this purpose.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:BTO (B2Gold Corp.)
3. TSX:FTS (Fortis Inc.)

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