Worried About Inflation? 3 Top Dividend Stocks to Own in the Spring

Description

Statistics Canada was set to release its February 2022 inflation report this morning. By the time this article publishes, readers will likely have had the opportunity to view that report. Most analysts expect that inflation will rise once again from January. The Bank of Canada (BoC) hiked interest rates by 0.5% in the beginning of this month. However, price inflation at the pump and elsewhere has illustrated why more aggressive monetary actions will likely be required to push down CPI. Today, I want to look at three dividend stocks that could act as a solid hedge against soaring inflation. Let's jump in.

Rising food prices could drive inflation in the weeks and months ahead

Loblaw (TSX:L) is the largest grocery retailer in Canada. Earlier this month, I'd discussed why the ongoing Russia-Ukraine conflict will almost certainly lead to higher food prices in categories like bread, meat, and dairy. Indeed, the conflict has disrupted a region that is one of the world's largest producers of wheat and fertilizer.

Shares of this dividend stock have climbed 10% in 2022 as of close on March 15. The stock is up 68% in the year-over-year period. It unveiled its fourth-quarter and full-year 2021 earnings on February 24, 2022. In Q4 2021, the company reported revenue growth of 2.8% to $12.7 billion. Meanwhile, adjusted EBITDA increased 6.3% to $1.32 billion.

This dividend stock currently possesses a solid price-to-earnings (P/E) ratio of 20. It offers a quarterly dividend of $0.365 per share, which represents a modest 1.2% yield.

Here's another dividend stock to target in this inflationary climate

Canadians don't need to wait for the inflation report to learn about price increases as the gas pump. Gas prices surged to record highs in recent weeks due to the oil and gas supply disruption that has followed Russia's full-scale invasion of Ukraine.

Imperial Oil (TSX:IMO)(NYSE:IMO) is a Calgary-based company that is engaged in the exploration, production, and sale of crude oil and natural gas in Canada. This dividend stock has climbed 15% in the year-to-date period. Meanwhile, Imperial Oil achieved its highest annual upstream production in over a quarter century in 2021. Moreover, net income rose to $2.47 billion compared to a net loss of $1.85 billion in 2020.

Shares of this dividend stock last had an attractive P/E ratio of 15. It offers a quarterly dividend of $0.34 per share. That represents a 2.5% yield.

One more dividend stock to snatch up in the grocery retail space

Empire Company (TSX:EMP.A) is another top grocery retailer I'd target in this inflationary climate. Shares of this dividend stock are up 12% in 2022. This has represented nearly all its gains in the year-over-year period.

The company unveiled its third-quarter fiscal 2022 results on March 10, 2022. It delivered same-store sales growth of 8.3% compared to fiscal 2020. Meanwhile, earnings per share jumped 16% year over year to $0.77. Better yet, its free cash flow climbed 75% to $551 million.

This dividend stock possesses a favourable P/E ratio of 15. Empire last paid out a quarterly dividend of $0.15 per share. That represents a 1.3% yield.

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Date
2025/06/28
Date Created
2022/03/16
Author
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