2 Safe TSX Stocks to Buy Amid High Inflation

Description

Investors' concerns about rising inflation don't seem to be ending soon. While inflation may increase the market volatility in the near term, investors can consider adding some safe **TSX** stocks to their portfolio right now, which tend to outperform the broader market amid high inflation. Before I highlight two such amazing Canadian stocks later in this article, let's take a quick look at how inflation has been affecting the stock market lately.

Safe stocks to buy amid high inflation

Earlier this year, concerns about high inflation fueled investors' speculations about the pace of monetary policy tightening, resulting in a massive selloff in the tech sector. While central banks in Canada and the United States have already started tightening monetary policy in March by raising interest rates after more than three years, inflationary pressures continue to haunt investors. On March 21, Federal Reserve chair Jerome Powell highlighted the strong labour market in his speech on the economic outlook. But at the same time, he also expressed concerns about inflationary pressures: "Inflation is much too high."

As commodity prices soar amid high inflation, most commodity-related stocks (especially from the energy sector) usually outperform other sectors. Here are two fundamentally strong stocks that you may want to buy amid the ongoing inflation worries.

Enbridge stock

Enbridge (TSX:ENB)(NYSE:ENB) is arguably the best energy stock in Canada that could help you avoid risks arising from high inflationary pressures. The Canadian energy transportation company currently has a market cap of about $115.3 billion, as its stock trades with 15.3% year-to-date gains at $56.95 per share.

In 2021, Enbridge reported a 20.4% YoY (year-over-year) increase in its total revenue to $47.1 billion, as reopening economies significantly boosted the demand for energy products. As a result, its adjusted earnings last year jumped by 13.2% YoY to $2.74 per share.

Moreover, Enbridge has a decades-long track record of consistently delivering outstanding returns to investors, even during times of economic uncertainty with the help of its strong balance sheet. Also, ENB stock currently has an impressive dividend yield of around 6.1%, which could help your stock portfolio remain largely unaffected by inflation-driven market volatility.

Canadian Natural Resources stock

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) could be another great stock to bet on, as consistently high inflation continues to hurt investors' sentiments. The company currently has a market cap of about $92 billion, as this TSX stock trades with about 47% year-to-date gains at $78.77 per share.

In 2021, Canadian Natural registered a massive 78% YoY jump in its total revenue to $30.1 billion. After burning cash in 2020 due to a sudden slump in energy demand and prices, it reported solid adjusted earnings of $6.25 per share last year — also significantly higher than its $3.18 per share earnings in 2019.

More importantly, strong demand and stronger commodity prices amid high inflation helped Canadian Natural expand its adjusted net profit margin to 24.7% in 2021. The recent rally in oil prices could help this Canadian crude oil and natural gas exploration and production company boost its profitability further in the ongoing year. These factors make it one of the best TSX stocks to buy amid rising inflation worries.

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1. Energy Stocks
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3. TSX:CNQ (Canadian Natural Resources Limited)
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jparashar