



Q2 2022 Is Your Time to Invest!

Description

The Bank of Canada (BoC) is racing to curb inflation and bring it back under control. Economists now expect the central bank to take a [more aggressive stance](#) come April 13, 2022, when the policymakers meet again. **Bank of Montreal** predicts back-to-back 0.5% hikes soon. **Citigroup** and **Bank of America** forecast three consecutive hikes, while markets see one outsized rate hike over the next two decisions.

The bold predictions stem from the recent pronouncements of BoC deputy governor Sharon Kozicki. She said the bank will “act forcefully” to quell inflation. Inflation is rising 5.7% annually, which the fastest pace in 30 years.

For Karl Schamotta, the chief market strategist at Corpay, BoC’s hawkish message indicates more strength ahead for the Canadian dollar. Earl Davis, BMO’s head of fixed income and money markets, expects the loonie to continue its hot streak this year, notwithstanding the short-term volatility due to the pullback in oil prices.

No potential headwind

Earl Davis dismissed any potential headwind on the horizon, although there could be breezes. For Canadian households, the main concern is rising prices. There’s also the question of whether they can withstand higher rates. If your finances allow, consider [dividend investing](#) to create extra income to boost disposable funds.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) and **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) are reliable dividend payers and perfect hedges against inflation. If you buy either blue-chip stock or both, you don’t have to sell again. The dividend payouts could be your [income for life](#).

Wealth management expansion

RBC is back on the throne as Canada’s most valuable brand. With its \$195.9 billion market cap, it’s the

largest publicly listed company in the country. Regarding the dividend track record, the stock has been paying dividends since 1870 or for 152 years already. At \$139.88 per share, RBC pays a decent 3.42% dividend. Its yield isn't the highest in market, but the dividends and your money should be safe.

The big bank can finally grow its wealth management business in the United Kingdom and Ireland. On March 31, 2022, management announced a deal to purchase Brewin Dolphin Holdings PLC, a British wealth management firm.

Doug Guzman, group head of RBC Wealth Management, said the U.K. is a key growth market for RBC, and Brewin Dolphin provides an exceptional platform to significantly transform its wealth management business in the region.

No worries for investors

Although the energy sector continues to ride high (+38.07% year to date), oil stocks could drop because of a short-term fix by the United States. President Joe Biden is due to order the release of about one million barrels a day for several months. Income investors with shares of Enbridge aren't the least bit worried.

The \$116.95 billion energy infrastructure company operates a utility-like business in a volatile and unpredictable market. Besides the dividend-growth streak of 26 consecutive years, Enbridge's dividend offer is among the highest in the sector.

At \$57.79 per share, current investors are up 18.8% year to date and delights with the 5.96% dividend. In the last 41.67 years, the total return of Enbridge is 56,928.35% (14.7% CAGR).

Cope with inflation

Q2 2022 is the perfect time to invest if you need to extra income to cope with rising inflation. The TSX is resilient, and you have two great options in RBC and Enbridge.

CATEGORY

1. Investing

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:ENB (Enbridge Inc.)
4. TSX:RY (Royal Bank of Canada)

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