



## Inflation Hits 6.7%: Raise Your Liquidity Buffer With 1 Maneuver

### Description

Household savings climbed at the height of the pandemic, but they might drop significantly if inflation rate keeps climbing. Statistics Canada reported that the 1% increase in consumer prices from February to March 2022 was the largest uptick since 1991.

Laurent Ferreira, **National Bank of Canada's** CEO, warned that rate hikes and surging inflation could drain, if not wipe out, consumer savings. The bank originally assumed it might happen in 2023 and not one year earlier. Sustained price pressure in the [housing sector](#) and ongoing supply constraints plus a raging war weighs heavily on commodity, energy, and agriculture markets.

Ferreira is worried and said, "The liquidity buffer that households have built up during the pandemic will shrink much faster." The prices of nearly everything from fuel and groceries to durable goods are rising and will hit consumers hard.

If you have extra cash or money, you won't need anytime soon, one maneuver can help raise your liquidity buffer to cope with inflation. [Dividend investing](#) can create extra income without touching the principal or capital. While dividends are nice to receive regularly, they are extremely valuable under the present conditions.

### Five-star holding

In Canada, any of the Big Five bank stocks are suitable for income investors. However, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is the most palatable in Q2 2022. The country's second-largest bank has been on the hunt for an M&A opportunity in the U.S. since the end of Q2 fiscal 2021.

TD will no longer have to wait, as it prepares to make its biggest takeover across the border. Management announced in late February 2022 the acquisition of First Horizon. The \$13.4 billion all-cash transaction will bring compelling strategic benefits to the top-notch Canadian banks.

Once the deal closes in Q1 fiscal 2023, TD will become the sixth-largest bank in America. The combined footprint in the U.S. (22 states) will also make TD a leading national player in commercial

banking. Apart from having a foothold for growth in Georgia and Texas, TD would have greater density in Florida, Virginia, and the Carolinas.

The big bank is down 2.13% year to date, so the current share price of \$93.23 is a good entry point. Despite the recent pullback and market volatility, the dividend payout (3.2% yield) won't be affected at all.

## Top draw

**Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) has become the [top draw](#) in the energy sector. On April 21, 2022, the market capitalization of the oil & gas company surpassed \$100 billion. Because of the milestone, the share price hit a new 52-week high of \$88.18.

Despite closing lower at \$81.23 per share on April 22, 2022, investors are up 53.52%. CNR's CFO Mark Stainthorpe said the company was able to maximize shareholder value because of prudent and successful balancing of the four pillars of capital allocation throughout 2021.

Last year, net earnings reached \$7.66 billion compared to the \$435 million net loss in 2020. According to Stainthorpe, the strong earnings reflected the strength and sustainability of CNR's business model. The 3.69% dividend isn't highest in the energy sector, but the room for dividend growth is plenty.

## Less worries for investors

TD and Canadian Natural Resources are two of TSX's established dividend payers. Both companies will not suspend or reduce dividends amid the massive headwinds.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:TD (The Toronto-Dominion Bank)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

## PP NOTIFY USER

1. cliew
2. kduncombe

### Category

1. Dividend Stocks
2. Investing

### Date

2025/08/17

### Date Created

2022/04/26

### Author

cliw

default watermark

default watermark