3 Dividend Stocks to Hold as Inflation Soars

Description

Last month, Statistics Canada revealed that the national inflation rate rose to a 31-year high of 6.7%. This also represented the largest month-over-month increase since January 1991. That coincided with the introduction of the Goods and Services Tax (GST). Canadian consumers have been punished at the gas pump and at grocery retailers in 2022. Policy makers are working to bring down inflation in order to provide some relief to a reeling population.

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Today, I want to zero in on three dividend stocks that are worth holding in this environment. Let's jump in.

Why you can trust this railway giant in this inflationary climate

Canadian National Railway (TSX:CNR)(NYSE:CNI) is the first dividend stock I'd look to snatch up in this inflationary climate. This Montreal-based company is engaged in the rail and related transportation business in North America. Canadian investors can rely on this company, as its business has proven very resilient in the face of economic turmoil. Its shares have dropped 6.5% in 2022 as of close on May 16.

The company released its first-quarter 2022 results on April 26. Total revenues climbed 5% year over year to $3.70 billion. Meanwhile, adjusted operating income was reported at $1.23 billion — up 4% from the first quarter of 2021. That said, challenging global conditions spurred CNR to project lower EPS growth for the 2022 fiscal year.

This dividend stock currently possesses a solid price-to-earnings (P/E) ratio of 21. It offers a quarterly dividend of $0.733 per share, which represents a modest 2% yield.

Here's another dividend stock that is very dependable

Waste Connections (TSX:WCN)(NYSE:WCN) is another highly dependable dividend stock that is worth targeting in this uncertain period. This Toronto-based company provides non-hazardous waste collection, transfer, disposal, and resource recovery services in the United States and Canada. Shares of Waste Connections are down 4.3% so far this year.

Investors got to see this company's first-quarter 2022 earnings on May 3. Waste Connections delivered revenue growth of 17% to $1.64 billion. Meanwhile, adjusted net income per share also jumped 17% to $0.82 per share. Moreover, it posted adjusted EBITDA growth of 30% to $502 million. It is expected to deliver solid revenue and earnings growth in 2022 on the back of its recent acquisitions.

Shares of this dividend stock are trading in favourable value territory relative to its industry peers. Waste Connections last paid out a quarterly dividend of $0.23 per share. That represents a 0.7% yield.

This top utility dividend stock is worth holding as inflation spikes

Hydro One (TSX:H) was one of the top dividend stocks I'd targeted during a tumultuous 2020. This Toronto-based utility boasts a monopoly in the country's most populous province. Its shares are up 7.6% in the year-to-date period. The stock is up 18% compared to the same period in 2021.

In Q1 2022, Hydro One delivered earnings-per-share growth of 15% to $0.52. Revenues rose to $2.04 billion compared to $1.81 billion in the previous year. Shares of this dividend stock possess a solid P/E ratio of 21. It offers a quarterly dividend of $0.28 per share, representing a 3.1% yield. Hydro One has delivered annual dividend growth in every year since its initial public offering.

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1. Dividend Stocks
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1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:WCN (Waste Connections)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:H (Hydro One Limited)
5. TSX:WCN (Waste Connections)

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Date
2025/07/19
Date Created
2022/05/17
Author
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