



2 Stocks to Buy That Are Positively Impacted by Inflation

Description

This week stocks continued their major selloff from last week, as inflation continues to soar, and it's becoming increasingly more evident that interest rates will be on the rise for some time. This is causing a lot of problems for businesses, which is why so many stocks sold off significantly after the inflation report south of the border last week and why investors are hesitant to buy in this environment.

In general, there are two reasons why stocks fall in value. Either investors expect the company to earn less over the coming years, so typically, issues with operations or the effect that macroeconomics has on those operations. The other reason is that investors aren't willing to pay as much for future earnings, and, as a result, valuations for stocks fall.

Therefore, although almost every [Canadian stock](#) has been down the last couple of days, not every company is seeing its operations impacted by inflation in the same way.

If you're looking to take advantage of the selloff but are aware that these businesses have some tough headwinds over the coming quarters, here are two of the best stocks to buy now that can actually benefit from surging inflation.

One of the best defensive stocks to buy that can benefit from inflation

There's no question that in this environment, with sky-high inflation and the potential for a [recession](#) on the horizon, finding defensive stocks to buy will be the top priority for many investors.

That's why **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)) is one of the best stocks you can buy in this period of sky-high inflation.

First off, Brookfield has an incredibly defensive business made up of assets such as utilities, railroads, data storage centres, pipelines and more. Not only are these assets diversified by industry, but they're also diversified by geography. And, most importantly, each of these assets is high-quality and

defensive, making Brookfield a stock you can have confidence owning for years.

Plus, on top of the fact that its operations are so robust, Brookfield has the potential to see its profit grow as inflation surges. This is because much of its revenue is tied to inflation and will increase as inflation picks up. However, a lot of Brookfield's costs are fixed and won't be impacted by inflation this year.

This gives it the potential to see its margins grow significantly as inflation surges, making Brookfield Infrastructure one of the best Canadian stocks to buy in this environment.

A top Canadian retail stock

Another excellent stock that can potentially benefit from inflation and happens to be highly defensive is **Dollarama** ([TSX:DOL](#)).

There's no question that Dollarama is seeing a negative impact from inflation as it pushes its costs higher. However, while it is seeing a slight negative impact from rising costs, the stock has even more potential to be positively impacted by inflation.

This is because as prices rise, more and more consumers look to shop at Dollarama to try and save money on essentials.

In fact, in Dollarama's recent earnings report, the company reported sales growth of more than 12%. More importantly, though, its same-store sales growth was 7.3%, showing that as inflation surges, more consumers are looking to shop at discount retailers.

Therefore, if you're worried about surging inflation and are looking to buy defensive stocks that can protect your money in these environments, Dollarama is one of the best companies to consider today.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:DOL (Dollarama Inc.)

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