Inflation Hits Nearly 40-Year High: Buy These TSX Stocks!

Description

This week, Statistics Canada revealed that inflation rose to 7.7% in the month of May. That is the highest level reached in nearly four decades. The biggest driver of inflation in the month of May was rising gas prices. Indeed, energy prices surged 34.8% compared to the previous year. Gasoline prices were up a stunning 48% from the same period in 2021. Today, I want to suggest TSX stocks that are a smart addition in this climate.

The inflation rate should inspire you to snatch up this TSX stock

Food prices have also been a key driver for inflation in 2021 and especially 2022. Statistics Canada revealed that food prices at stores increased 9.7% compared to the prior year. It is possible to sidestep gasoline prices, depending on your given situation. Unfortunately, we all need food to live. That means consumers can't avoid punishment in this arena.

Canadian consumers can seek relief by adding **Loblaw** (TSX:L) stock. Loblaw is the largest grocery retailer in Canada. This TSX stock has climbed 9.3% in 2022 as of close on June 23. Its shares have surged 47% year over year. In Q1 2022, the company delivered revenue growth of 3.3% to $12.2 billion. Meanwhile, adjusted EBITDA increased 10% to $1.34 billion in the first quarter of 2022.

This TSX stock still possesses a favourable price-to-earnings (P/E) ratio of 19. Canadians wrestling with inflation should look to snatch up this grocery retail giant right now.

Here's why this TSX stock is also a solid target in this environment

Canadians are not just feeling the food price pinch at grocery stores. Restaurants have also posted price increases in recent months in the face of soaring inflation. Investors may want to target **Restaurant Brands** (TSX:QSR)(NYSE:QSR) in this climate. Restaurant Brands owns and operates top chains like Burger King, Tim Hortons, and Popeyes. Shares of this TSX stock have dropped 15% in 2022. The stock is down 21% from the previous year.

The company released its first-quarter 2022 results on May 3. It reported total revenues of $1.45 billion in Q1 2022 — up from $1.26 billion in the previous year. Meanwhile, adjusted EBITDA rose to $530 million compared to $480 million in the first quarter of 2021. Adjusted net income came in at $295 million, or $0.64 per share — up from $257 million, or $0.55 per share, in the prior year.

Shares of this TSX stock are trading in favourable value territory compared to its industry peers. It offers a quarterly dividend of $0.54 per share. That represents a very solid 4.4% yield.

Will energy stocks continue to thrive as inflation soars?

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is the third TSX stock I'd look to snatch up, as inflation has confounded North Americans. This energy stock offers Canadians exposure to the surging oil and gas space. The Calgary-based company produces, sells, and markets oil and natural gas. Its shares are still up 18% in 2022 as of close on June 23.

In Q1 2022, the company reported net earnings of $3.1 billion, or $2.63 per diluted share — up from $1.38 billion, or $1.16 per diluted share, in the previous year. Daily production was up marginally compared to the same period in 2021. This TSX stock possesses a very attractive P/E ratio of 8.1 at the time of this writing. Better yet, it offers a quarterly dividend of $0.75 per share, representing a 4.6% yield.

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aocallaghan