



3 Dividend Stocks to Buy as Inflation Surges in Canada

Description

All year long, one of the biggest stories investors have been watching is how high inflation will get. With inflation surging for months now, several Canadian stocks are being impacted, from dividend stocks to growth stocks, making it challenging for investors to decide what to buy.

A few weeks ago, we got a report from south of the border that showed price gains continued to rise more than economists were expecting and to the highest level in 40 years.

In Canada, we got confirmation this week that price gains have yet to slow, as annual inflation rose to above 7.5% — a real problem for the economy if we can't get it under control soon.

Inflation not only causes rapid price increases, but it's also what's causing [interest rates](#) to gain so quickly, too, which is increasingly causing worries of a recession.

Therefore, if you're looking to shore up your portfolio to withstand this short-term period of high inflation, here are three of the best dividend stocks to buy today.

A top defensive growth stock to buy and hold for years

As inflation continues to surge, there might not be a better stock to buy in Canada than **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)).

Brookfield owns a portfolio of highly defensive infrastructure assets in countries all over the world. However, in addition to being a defensive company, it's constantly recycling capital and looking for new investments to continue growing the value of the business for investors.

And because it's a long-term growth stock with highly defensive assets, Brookfield is really a stock that's perfect for any environment. Having said that, though, it can actually benefit from inflation which is why it's one of the best dividend stocks to buy now.

Not only do defensive assets make its operations robust, but Brookfield also has tonnes of assets with

revenue that's tied to inflation. Meanwhile, many of its costs are fixed. So, while inflation is surging, Brookfield could actually see its margins expand, the opposite effect to almost every other company.

Therefore, if you're looking for Canadian dividend stocks to buy while inflation is sky high, Brookfield is one of the best, and it offers a respectable 3.85% yield.

One of the best stocks to buy as inflation surges

Another top Canadian stock that can potentially benefit from inflation or, at the very least, mitigate its impacts on operations is **Dollarama** ([TSX:DOL](#)), the discount [retailer](#).

Now, Dollarama is not the most attractive dividend stock from a yield standpoint. Currently, its dividend yield is just 0.3%. However, it has an incredibly defensive business, is one of the best long-term growth stocks, and is well positioned to benefit from inflation.

While Dollarama may see some of its expenses rise due to inflation, the company will almost certainly see a larger increase in sales. Inflation is impacting consumers severely, and one of the easiest ways for Canadians to minimize the impact of inflation is to do more shopping at discount retailers like Dollarama.

For example, in its most recent quarter, we already saw same-store sales growth of more than 7%. Therefore, while most companies are being negatively impacted by inflation, Dollarama is one of the few stocks that can gain market share as a result, making it one of the best dividend stocks to buy now.

One of the best dividend-growth stocks to buy now

Lastly, in this environment, you could consider a highly defensive stock such as a consumer staple like **North West Company** ([TSX:NWC](#)).

North West will be slightly impacted by inflation and almost certainly more than the other two stocks. However, because it's so defensive, it can pass on a lot of price increases to customers, and because it's vertically integrated and has improved its operations considerably in recent years, it should be able to mitigate many of the increases in expenses.

Plus, if inflation does end up causing a recession, as many investors are worried about, North West, because it's so defensive, would be one of the best dividend stocks you could own.

Therefore, if you're looking for the best dividend stocks to buy today, after its recent selloff, North West now offers a dividend yield of roughly 4.5%.

CATEGORY

1. Dividend Stocks
2. Investing

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1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)

2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:DOL (Dollarama Inc.)
4. TSX:NWC (The North West Company Inc.)

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