



Beat Back Inflation and Interest Rates With 1 Passive-Income Stock

Description

Inflation continues to rise in Canada, up 7.7% in May, and economists believe it could hit 8% easily in June. With gas prices exploding during that month, and consumers continuing to get out and buy, the Bank of Canada came calling. An interest rate hike of 100 basis points shocked economists, who predicted a rise of 75 basis points.

This caused many Canadians to react negatively, as news from the United States came in as well. Inflation in that country rose 9% year over year, leaving the 40-year high in the dust. And with many fearing a recession on the way, it can be tempting to take out all your cash and hide under the covers.

Don't do it!

If there's anything you *shouldn't* do, it's sell everything — especially now. Even some of the worst stocks out there are far more likely to rebound at least higher than where they are today. So, definitely wait for the stock market to recover before selling it all.

And if you have some cash on hand, don't just sit on it either! You can beat back inflation and rising interest rates today by simply putting it towards passive-income stocks. And there are some strong ones out there trading in value territory.

Think long term

The key here is to think long term — both in terms of the next few years but also to reach your other long-term goals, like retirement. In the short term, try and find a passive-income stock that could beat back inflation and rising interest rates. If inflation is at about 8% next month, is there a solid passive-income stock that could offer you dividends that are that high?

Of course, a high dividend doesn't mean anything if it isn't sustainable. That's why I'd recommend a company like **Fiera Capital** ([TSX:FSZ](#)). Fiera stock offers a [dividend yield](#) at an insane 9.26%! And that's supported by the company's focus on growth and value stocks for its clients. Shares may fall

during market drops. But you can still look forward to passive income during this time.

In fact, over the last decade, shares of Fiera have grown 110% for a compound annual growth rate (CAGR) of 7.72%. Meanwhile, its dividend has grown 163% for a CAGR of 10.13%! It continued to pay out its monthly dividend, even in the face of market falls as well.

Creating long-term passive income

Right now, you can lock in an incredibly high dividend yield at above 9%. This beats out inflation and interest rates, and then some. Further, you can look forward to growth in the next decade. While there are likely to be bumps along the way, that passive income is very likely to keep you happy while you wait for a recovery.

And finally, this [stock is cheap](#). At just \$9 per share trading at 17.05 times earnings, you could pick up quite a few shares to make back what you've lost on the markets. For example, \$20,000 in this stock could get you \$1,911 in passive income each year — all while your shares recover from today's market drop. So, don't panic sell; get greedy and buy!

CATEGORY

1. Dividend Stocks
2. Investing

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