



3 Inflation-Resistant Stocks to Buy Right Now

Description

Despite the aggressive interest rate hikes, inflation is showing no signs of slowing down. Though the Bank of Canada has announced multiple interest rate hikes in 2022, the domestic inflation rate surged at the fastest pace since 1983 last month. Inflation, which hit 8.1% in June, stood at the highest level in nearly 40 years, primarily due to sky-high gas prices.

While [equities remain battered](#) due to several macroeconomic headwinds, including decade-high inflation, investing in [inflation-resistant stocks](#) can yield market-beating returns.

The North West Company

With a \$1.65 billion market cap, **The North West Company** ([TSX:NWC](#)) is one of the largest retailers in Canada. It operates more than 118 stores across rural and urban communities in the country, having a substantial market share in these regions. Apart from this, NWC also operates retail stores in several parts of the U.S. and the Caribbean.

As the demand for fast-moving consumer goods and food items remains strong, despite surging inflation rates, NWC's sales have been rising. The company's same-store sales rose 21.3% from pre-pandemic levels to \$552 million in the first quarter of 2022.

Moreover, as companies typically pass on inflation costs to customers, NWC's profit margins have held up strong compared to the pre-pandemic levels. Its adjusted earnings before interest, taxes, depreciation, and amortization amounted to \$23.6 million in the fiscal first quarter — up 52.4% from the same period in 2019.

NWC's strong dividend payouts act as a hedge against inflation as well. It pays \$1.16 annually, yielding a tasty 4.22%.

Enbridge

Energy infrastructure company **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is an all-time favourite dividend stock of Canadian investors. It pays \$2.67 in dividends annually, yielding a handsome 6.06% on its current share price.

Moreover, the company has increased its dividend payouts consecutively for the past 27 years, making it a Dividend Aristocrat. Enbridge's dividend-growth streak has historically outperformed the inflation growth rate, making it one of the best inflation-resistant stocks you can add to your portfolio.

Canadian oil and gas companies are well positioned to replace Russian gas in the world markets. As tensions between Russia and the West intensify, the former has already limited its gas exports to Europe as a countermeasure to the economic sanctions imposed.

Nonetheless, a recent *Reuters* article states that Canada can increase its crude oil and natural gas by up to 300,000 barrels per day. Canadian energy companies like Enbridge could witness a massive jump in revenues and profits as a result. In fact, Bay Street analysts expect Enbridge's annual revenues and earnings per share to rise 10.27% and 8.3% year over year in fiscal 2022 alone.

Brookfield Infrastructure Partners

Brookfield Infrastructure Partners ([TSX:BIP.UN](#))([NYSE:BIP](#)) owns and operates one of the largest pure-play networks that facilitate the storage and transportation of energy, water, data, and freight.

As governments worldwide invest heavily to upgrade the existing global infrastructure, BIP is one of the most valuable inflation-resistant stocks you can hold.

Operating as a limited partnership, Brookfield has an annual distribution yield of \$1.86 per share and a distribution growth target of 5-9% annually. This is significantly higher than the prevailing inflation rate, making Brookfield Infrastructure one of the best stocks for passive-income generation.

Apart from the stellar inflation resistance through periodic returns, you can also benefit from share price appreciation over the long term. The stock is expected to cross the \$60 mark within the next 12 months, indicating a 22.89% potential upside.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:NWC (The North West Company Inc.)

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