



This Canadian Stock Is the Ultimate Inflation Fighter

Description

It'll be tough for the stock market to match July's incredible performance in August. In any case, many pundits are starting to get a tad more bullish. Though the bearish majority are doubling down on the markets being overdue for another correction, I think investors should take a step back and drown out all the noise, as it matters far less in the grander scheme of things.

We're all about long-term investing here at the Motley Fool. Nobody knows what August has in store. Regardless, investors should continue to scoop up undervalued stocks while they still can. The market's top value plays could correct to the upside as a part of this broader market rally and we could see the bears turn into bulls, as markets look to climb all the way back to where they started the year.

Don't let inflation or economic woes get you down

Indeed, market sentiment can change in a hurry. Beginner investors need to realize that the volatile market can move a lot faster than they can. On paper, timing entries and exits from the markets seem smart. Looking at past charts, one can tell themselves they would have got out at the peak and right back in at the bottom. In real time, it's not so easy. In fact, attempting to perfect your entries or exits may lead you to land sub-optimal results over time. Odds are, you'll act on emotion and will end up losing money or underperforming the good, old-fashioned strategy of buying and holding.

In this piece, we'll check out one of the best dividend stocks in rally mode that is still intriguing from a valuation perspective. It's still off considerably from its highs. And while the rally could reverse over the near term, I think the risk/reward scenario remains too good to pass up at these levels.

Consider shares of wide-moat firm **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)).

Waste Connections: Growth for a recession

Waste Connections is in the business of collecting and managing waste across North America. It's a dirty business, but somebody has got to do it. Year to date, shares are up more than 5%. After a 21%

run off those June 2022 lows, the stock now finds itself flirting with new highs and on the cusp of a big breakout.

Recently, the company announced the launch of US\$750 million worth of senior notes. Such notes could help the firm proceed forward with merger and acquisition opportunities in the space. Indeed, Waste Connections is still in growth mode, as it continues dodging and weaving past inflation's wicked blow.

For the latest (second) quarter, Waste Connections posted \$1.8 billion sales growth, up 18% year over year. Per-share earnings of \$1.00 impressed, beating the consensus estimates of \$0.95. Helping fuel the beat were price increases, which helped Waste Connections avoid substantial margin erosion at the hands of inflation. The firm has enviable operating margins of 15.3% — well above the industry averages.

Indeed, Waste Connections is the only game in town for many markets it serves. With that comes pricing power. At writing, the stock trades at 52.9 times price to earnings and 5.2 times price to sales, both of which are in line with industry averages.

Waste Connections stock may not be [cheap](#) in a traditional sense (based on traditional valuation metrics). But compared to the recession-resilient growth ahead, I'd argue shares are still undervalued.

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