



2 Inflation-Defiant Canadian Stocks to Buy Now

Description

August has always been one of the weaker months in the stock market, although this year is quite different. Investors are hopeful of a rally from the [bear market](#) in June, except that stubborn inflation keeps getting in the way. On Monday, the **TSX** took a negative turn to start this week, falling below 20,000 again.

Only the energy and materials sectors, out of the 11 primary sectors, advanced on the day. As a result of the significant pullback, the year-to-date loss of Canada's primary stock index rose to 5.88%.

According to Allan Small, senior investment adviser at IA Private Wealth, it was a broad-based decline, and there was really nowhere to hide.

How to mitigate the risks

If you're a newbie investor, the heightened volatility is scary. However, you can do what seasoned market players do and stay invested. The key to overcoming risks is to move to inflation-defiant stocks. **Capital Power** ([TSX:CPX](#)) and **Northland Power** ([TSX:NPI](#)) in the utility sector are stable as ever amid today's uncertain market conditions.

Both stocks outperform the TSX, as evidenced by their year-to-date gains of 31.71% and 20.48%, respectively. Moreover, the dividend payments are safe from the massive headwinds.

Growth-oriented power producer

Capital Power's profits in 2022 have been impressive, particularly in the second quarter. In the three months ended June 30, 2022, net income increased 353% to \$77 million versus Q2 2021. For the first half of the year, earnings growth from the same period last year was 66%.

This \$5.9 billion wholesale power producer from Edmonton, Alberta, is growth oriented. It builds, owns, and operates high-quality, utility-scale generation facilities, including renewables and thermal. Capital

Power's 27 facilities in North America have a combined power-generation capacity of approximately 6,600 megawatts.

Brian Vaasjo, president and CEO of Capital Power, said, "Higher generation and strong Alberta power prices averaging \$106 per megawatt hour along with outstanding performance across the fleet led to exceptional performance in the first half of the year."

Besides the defensive nature of this utility stock, investors can partake of the generous 4.59% dividend. The current share price is \$50.67.

Green Power

Northland Power is another ideal option for risk-averse investors and beginners. The \$10.57 billion global power producer develops, builds, owns, and operates clean and green power infrastructure assets. It derives revenue from offshore wind and onshore renewable assets with a total operating capacity of three gigawatts.

Like Capital Power, profit growth in 2022 is mighty impressive. In the six months ended June 30, 2022, net income soared 283% to \$555.44 million compared to the first half of 2021. Its free cash flow (FCF) increased 129% year over year to \$319.91 million. If you invest today, the stock trades at \$44.90 per share and pays a 2.66% dividend.

Because of the strong financial and operating performance, particularly in the second quarter, management revised its financial guidance upward for 2022. Northland's adjusted EBITDA (earnings before interest, taxes, depreciation, and appreciation) forecast is now between \$1.25 billion and \$1.35 billion.

Safe assets

Now is the time to take a more defensive position. Capital Power or Northland are safe places to park your money and earn passive income to combat inflation.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:NPI (Northland Power Inc.)

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