

Three Inflation-Safe Trades to Consider Now

Inflation has been rough on us all.

The Consumer Price Index just jumped 7.9% in February – its biggest jump since January 1982, according to the U.S. Labor Department. Worse, according to Moody's Analytics, the average household is paying an additional \$296 a month.

So, where should investors park their cash? Here are three ideas to consider.

WP Carey (WPC)

When inflation is running hot, take a look at WP Carey (WPC).

WPC is a net lease real estate investment trust (REIT) that buys properties directly from companies, and then leases them back to an oftentimes reliable tenant.

What's interesting about WP Carey is nearly all of its rental agreements include contractual rent increases for inflation, according to BNK Invest. In fact, about 60% of the agreements are tied to the consumer price index.

Well diversified with industrial, warehouse, office, retail, and self-storage, the REIT also pays a dividend yield of 5.3%.

Costco Wholesale (COST)

With a dividend yield of 0.61%, COST sells needed products that consumers must have no matter how well or how poorly the economy is doing. In fact, no matter how steep of a downturn, consumers still need soap, detergent, toothpaste, toilet paper, food, etc. All can help provide a steadier and far more predictable cash flow for COST.

Even better, earnings are solid.

For its second quarter, the company saw EPS of \$2.92 on sales of \$51.9 billion. That was better than expectations for EPS of \$2.76 on sales of \$51.53 billion. Same store sales were up 11.1%.

Kinder Morgan (KMI)

High dividend stocks like Kinder Morgan are a great way to offset inflation.

After all, Kinder Morgan is one of the largest infrastructure companies in North America. It owns and controls oil and gas pipelines and terminals. With a dividend yield of 6.24%, the company recently said "it was budgeting a 3% dividend boost this year," according to Barron's.

The company also continues to be one of the most stable, with enough cash to cover its dividend.