



Why Potash Stocks Got Pummeled

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of **PotashCorp** (TSX: POT) and **Agrium** (TSX: AGU) plummeted 16% and 5%, respectively, today, after Russia's Uralkali — the world's largest potash producer — broke up a cartel with Belarus that controlled about 43% of global exports.

So what: Uralkali is making the volume-over-price move to steal market share and boost sales to China, completely turning the global potash market on its head. In fact, Uralkali's decision is expected to cause potash prices to plunge to its January 2010 levels, sending the shares of North American potash companies — which will now have to compete at the discounted price — crashing along with the forecast.

Now what: Uralkali sees potash prices plunging 25% to about \$300 per ton by the end of year. "In the near future we expect (global) competition to become stronger — that will push prices down," Uralkali CEO Vladislav Baumgartner said in a conference call. So while it's always tempting to pounce on severely beaten down stocks, there might be too much uncertainty surrounding potash stocks right now to make the bet a smart one.

Canada has been stimulating the global shift to alternative energy. But the big money isn't in natural gas. Instead, your portfolio could be best served by uranium — the key ingredient for nuclear power. And with the global nuclear market ramping up in places like China, it could be a big winner ...

The Motley Fool has prepared a Special FREE Report that will clue you into the two best uranium companies in Canada. It's called "[Fuel Your Portfolio With This Energetic Commodity](#)," and you can receive a copy at no charge by simply [clicking here](#)!

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Fool contributor Brian Pacampara doesn't own any of the stocks mentioned at this time. The Motley Fool doesn't own any of the stocks mentioned at this time.

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