



## Capitalize on Increased Global Food Demand With These 2 Dividend Payers

### Description

The need for greater food production globally is vital. Farmers require greater crop yields from the same acreage and look for solutions to this challenge. As Scott Barlow of the *Globe and Mail* recently stated, “The long-term outlook for stocks involved with global food production is extremely promising.”

**Agrium Inc.** (TSX: AGU)(NYSE: AGU) and **Potash Corp./Saskatchewan** (TSX: POT)(NYSE: POT) are providing these solutions, and the potential exists for greater future returns from these two companies. Here’s why Agrium and Potash Corp. deserve consideration for your income portfolio.

### Agrium

Agrium produces and markets the nutrients nitrogen, phosphate and potash. In addition, the company produces and markets controlled-release fertilizers and micronutrients. It is the largest direct-to-grower distributor of seed, agricultural crop protection products as well as crop nutrients. In its wholesale operation, Agrium produces, markets, and distributes nutrients for agricultural and industrial customers worldwide.

Agrium has broad-based operations. For North American wholesale it has 17 production facilities, two mines, and an extensive distribution and storage network. Its North American retail division has more than 1,100 retail locations. These are under the names of Crop Production Services (CPS) and Crop Production Services Canada.

In Europe, Agrium Europe has a distribution network of 11 sales offices in Belgium, Bulgaria, France, Germany, Italy, and Romania. Furthermore, in South America, Agrium has its wholesale operation via Profertil S.A. (50% owned by Agrium). The company also has 58 retail locations in Argentina, Chile, Uruguay, and Brazil.

Recently, Loveland Products, Inc., Agrium's subsidiary, and Actagro, LLC announced that the companies entered into a commercialization and technology development agreement for soil and plant health nutritional products. The basis of the products will be on the Actagro Organic Acids Technology Platform. Loveland will extend its access to the Actagro platform to complement its sizeable portfolio of plant health and nutrition products.

Agrium's stock price is approaching a 52-week high at this writing. The company does pay a quarterly dividend and its current dividend yield is 3.22% and its dividend rate is \$3.00.

### **Potash Corp./Saskatchewan**

Potash Corp./Saskatchewan produces and sells fertilizers and related industrial and feed products globally. Its nutrient segments are potash, phosphate, and nitrogen and its main strategy is growth through potash first. Its chief markets are China, India, Other Asia, Latin America, and North America. China imports more than 50% of its potash needs. Through its Canadian operations, Potash Corp. is responsible for almost 20% of global capacity.

The company has ownership interests in four international potash-related businesses. These are in China, Chile, Israel, and Jordan. Potash Corp. has more potash capacity than any other global producer. In a recent market analysis report, the company noted that there is improved demand in most major markets.

It stated, "The global potash market tightened in the first half of 2014 with increased customer demand and logistical constraints impacting producers' supply capabilities. Granular potash supply in particular has tightened due to record demand in Brazil and historically strong shipments within North America."

Potash Corp.'s Q2 2014 earnings exceeded the top end of the Q2 guidance range on the strength of potash and nitrogen.

Potash Corp./Saskatchewan's stock price is also approaching a 52-week high. The company also pays a quarterly dividend and its current dividend yield is 3.98% and its dividend rate is \$1.40.

### **CATEGORY**

1. Dividend Stocks
2. Investing

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