



Billionaire D.E. Shaw Bought \$27 Million of Potash Corp./Saskatchewan; Should You Buy, Too?

Description

Dave E. Shaw is one of the greatest stock pickers on Earth.

In 1988, he founded D.E. Shaw & Co., LP. Since its inception, the hedge fund has consistently delivered double-digit returns for clients. Today, it's one of the largest hedge funds in the world, with over \$30 billion in assets under management.

This performance has cemented Shaw's place amongst investing legends like Warren Buffett and George Soros. Because of his remarkable track record, I always pay attention to what stocks Shaw is buying. And right now, he's making some interesting bets in agriculture.

If you want to get rich, become a farmer

Shaw has been betting big on rising food prices. In recent quarters, he has amassed huge positions in stocks like the **Monsanto Company**, **Agrium Inc.**, and **Mosaic Co.** These companies are great ways to play a farming boom.

He's also building a new position. In August, SEC filings revealed that Shaw had increased the size of his stake in the **Potash Corp./Saskatchewan Inc.** (TSX: POT)(NYSE: POT). As of June, the billionaire investor owned 714,000 shares valued at about US\$27.1 million.

Despite the ongoing advances in agriculture, Mother Nature has her limitations. Nutrient-rich top soil continues to erode. Water tables are being depleted. Global warming is wreaking havoc on production.

Compounding these problems, food demand is on track to grow dramatically over the next few decades. The United Nations predicts that the number of people living on the planet will hit 10 billion by 2040. And with more citizens in emerging countries adding meat to their diets, food demand is growing even faster than population.

Potash Corp. stands to benefit the most from rising food prices. The company is the world's largest producer of potash, a key ingredient in fertilizer. The economics are simple: Farmers will need to buy

ever greater quantities of fertilizer to produce more food on less land.

That said, it hasn't been a smooth ride for Potash Corp. Potash prices have plunged 20% after the surprise breakup of the Uralkali producer cartel, and that scared a lot of retail investors out of the stock.

However, Wall Street insiders are taking advantage of the pullback to build their positions. Famed investor Jean-Marie Eveillard has accumulated a US\$705 million stake in Potash Corp. A number of other respected money managers including Ken Griffin, Ray Dalio, and Israel Englander also initiated or increased the size of their positions last quarter.

While it has been a bumpy ride for Potash Corp., the company's outlook is starting to brighten. And judging by Mr. Shaw's other positions, he's definitely bullish on the agriculture sector. I think it's wise to follow in his footsteps.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MOS (The Mosaic Company)

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rbailieul

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