



One Big Reason Why Potash Corp./Saskatchewan Inc. Will Boost Your Portfolio

Description

Fertilizer stocks have been under pressure over the past few weeks and months due to low corn and soybean prices. This is cementing investors' doubts that farmers don't have enough cash to pay for inputs over the coming planting season. But if you ask me, I think investors (not short-term traders) should look past this and consider the bigger picture. This price pressure is only a short-term trend. And investors should take advantage and look at it as a great opportunity to buy stocks instead, like **Potash Corp./Saskatchewan Inc.** (TSX: POT)(NYSE: POT).

The company has a lot going against it at the moment. It reported earnings per share for the third quarter, below analysts' expectations. Fertilizer prices are getting beaten due to low corn and soybean prices as mentioned earlier, which in turn trickles down to the stock. This year too gives the impression that the country will see a great bounty again after a bumper harvest last year increased the supply of corn, causing prices to fall.

But in spite of all this, there's still one big catalyst that trumps all these negatives in the long run: Africa.

Emerging markets like Africa in particular are expected to see strong growth in the coming years which will mean more income for the African population and result in more demand for food. One fertilizer analyst at S&P Capital IQ says experts not only expect gains in per capita caloric intake as incomes rise but also massive population gains. He believes that over the next decade, the increase in calories demanded by Africa will be the equivalent of adding United States to global food demand. Yes, you heard me right. The whole of the United States of America.

Take a look at the image below by Dennis Gartman of the Gartman Letter, depicting how big Africa is compared to the United States:

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Source: *The Gartman Letter*

That puts African demand into perspective.

Potash Corp. has built up its capacity recently and that will fill as diets improve in emerging markets

like Africa and India. The company also operated at the lower end of cost curve, which means Potash Corp. has a competitive edge.

And at current, beaten-up levels, it's great value for money.

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Author

sandram

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