



## 3 Reasons to Add Potash Corporation of Saskatchewan Inc. to Your Portfolio

### Description

When adding companies to your portfolio, investors often overlook companies serving the agricultural sector. While they may lack the media coverage and allure of that shiny new tech company, solid results and a healthy return more than make up the difference.

One such company is **Potash Corporation of Saskatchewan Inc.** (TSX:POT)(NYSE:POT), which just happens to be the largest fertilizer producer around. Here are a few reasons why this company belongs in your portfolio.

### Ever-growing market

The world's population is growing at a faster rate than ever before. We now expect the population to swell up to nearly 10 billion within the next 40 years. Where's the potash connection? That's a lot of people to feed, meaning more crops and more fertilizer, leading to massive long-term revenue potential for the company.

Furthermore, as much of the world develops, shifting dietary patterns will provide a huge boost to growth as those areas start to use fertilizers on crops. As demand for potash increases on a global scale, so too will prices.

For would-be investors, the path is clear: invest in the company and then sit back and wait for the growth that will come. Even better, while waiting for that growth, Potash Corporation will provide you with some of the best dividends in the market.

### High-paying dividends

Potash Corporation has always had a very favourable dividend. In fact, it's one of the main reasons why so many investors are lured to the stock. But something happened this year that pushed that dividend off the deep end.

Year-to-date, the stock is down by 40% thanks in part to declining potash prices. Dividends on the other hand, remained intact at the same levels (or, even better, increased), resulting in the yield

shooting up to over 8%.

Management of the company have stated that the payout is not in danger, even with lower potash prices. In fact, even if potash were to fall further, the company would still be able to make the current payment levels and not run in to problems.

### **Long-term play**

Potash Corporation hasn't had the best year. The stock is down considerably, as are revenues stemming from a perfect storm of events, including the Government of Saskatchewan changing the potash royalty scheme, the failed \$8.7 billion takeover offer for K+S of Germany, and deteriorating prices.

The good news here is that 2015 is coming to an end. The fertilizer market will pick up again. Potash Corporation still has considerable finances to use to acquire another company. The company is doing what can be done to offset weak demand, specifically by shoring up lower-cost facilities and shutting down more expensive ones.

Over the long term, prospects for the company seem particularly bright. Significant revenue growth is not only possible, but very likely.

In my opinion, Potash Corporation is a great option for investors looking for a long-term investment that will not be deviated by fluctuations in the short term.

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1. Dividend Stocks
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### **Date**

2025/08/02

### **Date Created**

2015/12/31

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