



Contrarian Investors: 2 Commodity Stocks to Own Today

Description

Contrarian investors are always searching for [unloved stocks](#) that might be on the verge of a recovery.

Let's take a look at **Nutrien Ltd.** ([TSX:NTR](#))([NYSE:NTR](#)) and **Barrick Gold Corp.** ([TSX:ABX](#))([NYSE:ABX](#)) to see if they are attractive today.

Nutrien

Potash Corp. of Saskatchewan and Agrium recently merged to create Nutrien, a global fertilizer powerhouse with strong operations in both the wholesale and retail sectors.

Potash, nitrogen, and phosphate prices have been in multi-year slumps, but there is evidence the crop nutrients sector could be on the rebound. Potash demand remains strong, and industry shipments are expected to meet or exceed record levels in 2018. Spot prices in the potash market have improved in recent quarters, and that trend could continue.

Both Potash Corp. and Agrium completed major capital programs in recent years, so investors could see free cash flow improve when fertilizer prices recover in a meaningful way. This could lead to decent dividend growth down the road.

The long-term outlook for the fertilizer space should be positive, as farmers try to feed more people using less available land.

If you have a buy-and-hold investing strategy, Nutrien deserves to be on your radar.

Barrick

Barrick is the world's largest gold producer with some of the industry's lowest costs. As gold prices rise, Barrick could generate significant additional cash flow.

How much?

The company produced more than five million ounces of gold in 2017. If the company's average

realized sale price increases by US\$100 per ounce this year, Barrick could pull in an additional US\$500 million.

Gold currently trades at US\$1,340 per ounce. It was US\$1,240 at one point in December.

The company is making good progress on its efforts to reduce debt and drive down expenses, and that trend should continue.

Rising interest rates could be a strong headwind to meaningful upside gains in the price of gold this year, so you have to be a long-term bull on the precious metal to own any of the miners.

If you fall in that camp, Barrick is a good way to play the sector.

The stock has picked up some steam since early December, but more gains could be on the way if funds begin to shift back into the [gold market](#).

The bottom line

Contrarian picks require an appetite for volatility and some patience, but getting in at the right time can generate impressive long-term gains.

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1. Investing
2. Metals and Mining Stocks

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1. Editor's Choice

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2. NYSE:NTR (Nutrien)
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