



## 2 Canadian Commodity Stocks for Your RRSP

### Description

Canadian investors are searching for ways to set some cash aside to fund a comfortable [retirement](#). One popular strategy involves owning quality Canadian stocks inside a self-directed RRSP portfolio.

Let's take a look at two companies that might be of interest today.

#### **Canadian Natural Resources Ltd.** ([TSX:CNQ](#))([NYSE:CNQ](#))

CNRL isn't always the first name that comes up when investors start discussing energy stock, but the oil and gas giant might arguably be the best pick in the patch.

CNRL owns conventional oil, oil sands, and natural gas assets in Canada, the U.K. North Sea, and offshore Africa. The company's mix of natural gas, light crude oil, heavy crude oil, bitumen, and synthetic crude oil makes CNRL one of the most diversified energy producers on the planet.

The balanced product mix helps mitigate price shocks in the market, and the fact that CNRL tends to be the sole owner of its assets means the company can quickly shift capital to the highest-return opportunities.

CNRL reported Q1 2018 net earnings of \$583 million compared to \$245 million in the same period in 2017. The company raised the quarterly dividend by 22% earlier this year, so management is obviously comfortable with the revenue and cash flow outlook. The company has raised the distribution for 18 straight years.

The current payout provides a [yield](#) of 3%.

#### **Nutrien Ltd.** ([TSX:NTR](#))([NYSE:NTR](#))

Nutrien was recently formed through the merger of Potash Corp. and Agrium, creating a global crop nutrients giant.

The new company offers investors a more balanced revenue stream and should result in a gradual rise

in the multiple the market is willing to afford the stock. The merger of the potash, nitrogen, and phosphate production operations gives the company more clout in the global wholesale market for crop nutrients, while the retail division, which sells seed and crop protection products, provides a nice hedge against volatility on the fertilizer side.

Nutrien recently bumped up its 2018 earnings guidance based on improving conditions in the global potash market. The fertilizer sector has endured a multi-year slump, but it appears better days are on the horizon.

As demand improves, Nutrien is positioned well to ramp up production, as both Agrium and Potash Corp. wrapped up major capital programs before the merger. This means investors shouldn't see any significant development projects come up that would drain cash flow available for distributions.

Nutrien's current dividend provides a yield of 3%.

### **The bottom line**

CNRL and Nutrien should be attractive for investors who are seeking top-quality buy-and-hold commodity picks for their RRSP portfolios.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks
3. Stocks for Beginners

### **TICKERS GLOBAL**

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:NTR (Nutrien)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:NTR (Nutrien)

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