



Analysts Are Bullish on High-Growth Crop Stock Nutrien Ltd. (TSX:NTR)

Description

Newly formed **Nutrien Ltd.** ([TSX:NTR](#))([NYSE:NTR](#)) makes and sells crop nutrients around the globe. If you think gold is the ultimate defensive product, you'd better believe that food is right ahead of it. After all, to paraphrase an old Native American saying, you can't eat gold.

That said, while food is arguably more defensive than gold, its price is just as volatile, if not more so. The factors that affect crop prices are varied and numerous, with everything from climate change to international conflict having the power to impact food prices. As a producer of crop inputs, agri chemical material stocks like Nutrien might be expected to be just as volatile as well.

Can new ticker (but old hand) Nutrien move past its oscillating share price to become a truly defensive stock? Let's discuss.

A volatile crop stock set to grow long term

If you're wondering why you haven't heard of Nutrien, it might be because up until the start of 2018, it was actually two different companies, neither of which was called Nutrien. Potash Corporation of Saskatchewan, AKA PotashCorp, was a big Saskatoon player that merged on January 1, 2018, with Calgary's own agricultural giant, Agrium. The result is the stock that you're now reading about and possibly thinking about buying.

But Nutrien's share price seems to be rather volatile. Instead of the gradual upward curve of a new stock, or the fuzzy static behaviour of a share nobody's quite noticed yet, Nutrien has had some fairly dramatic peaks and troughs. It opened the New Year 2018 at \$69, then fell to \$56 a month later, then another peak, another trough, another peak — it's barely been six months, so no wonder this stock is being labelled as volatile.

The biggest agri stock in its field?

With an expected annual growth in earnings of 34.8%, Nutrien is a high-growth stock worthy of growth investors' attention. It's also a dividend payer, offering loyal investors a 2.87% yield on their investment. And that dividend is [likely to rise](#) as time goes by and earnings accumulate. Plus, if you

pay attention to such things, you'll see that insider buying has risen in the last three to six months. All of the above is understandably making analysts bullish on Nutrien.

Few stocks are truly gravity-defying, but is this one of them? Looking recently at **Methanex Corp.** ([TSX:MX](#))([NASDAQ:MEOH](#)), we see a stock that is similar to Nutrien, except with less *quantifiable* growth. Emphasis on the "quantifiable," since Methanex's expected growth has perhaps more to do with the future of its market — which is uniquely opaque, but also uniquely vast — and less to do with its current multiples.

What the two stocks have in common, though, is their immense potential for global premiership in their fields: crop inputs for Nutrien, and methanol for Methanex. As material stocks, they both have the potential to be major defensive tickers of the future. So, while value investors might balk at their current share prices, this could still be the ground floor.

The bottom line

At \$70.80, Nutrien's share price is more than double its projected future cash flow value. However, investors eyeing this stock are no doubt thinking along the same lines as some analysts who are giving a moderate buy signal. As a major potash producer and the world's largest crop inputs provider, Nutrien is [positioning itself for exponential growth](#). With that in mind, perhaps its multiples — and its share price — are less indicators of its strength and longevity than the global agri market.

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