



A Rising TSX Index Stock for Your TFSA in 2019

Description

Canadian investors are searching for [top-quality stocks](#) that are recovering after the October pullback and could deliver attractive returns heading into next year.

Let's take a look at a global market leader in the TSX Index that might be an interesting pick for your TFSA portfolio.

Nutrien ([TSX:NTR](#))([NYSE:NTR](#))

Nutrien continues to work through the process of integrating the assets of Potash Corp. and Agrium. The two fertilizer giants merged at the beginning of 2018 to form the world's largest crop nutrients business.

At the time the deal was initially announced, management expected to generate run-rate synergies of US\$300 million. Nutrien has already surpassed that target, hitting US\$400 million by the end of September, and is now providing guidance of US\$500 million by the end of the year and US\$600 million by the end of 2019.

The company just made the difficult decision to permanently close its \$2 billion plant in New Brunswick, citing lower production cost opportunities at the facilities in Saskatchewan.

In the Q3 2018 report, management raised guidance for 2018 due to ongoing improvements in commodity prices and the better-than-expected results in efficiency improvements.

Potash EBITDA rose 64% compared to the same period last year, driven by increased production, record demand, and a 20-30% increase in spot prices. New wholesale contracts with China and India were settled at price increases of US\$60 and US\$50 per tonne, respectively.

Nitrogen EBITDA more than doubled compared to Q3 2017.

Adjusted net earnings for 2018 are now expected to be US\$2.60-2.80 per share compared to previous guidance of US\$2.40-2.70. The strong results bode well for a nice dividend increase in 2019. The

current payout provides a [yield](#) of 2.8%.

The stock has bounced from \$66 to the current price of \$75 per share over the past two weeks, and more gains should be on the way.

Should you buy?

The recovery in potash and nitrogen prices appears in the spot market appears to be on track, and the higher contracted wholesale potash prices with India and China suggest the market has bottomed. Nutrien is already making good money at current prices. If the recovery continues, this company has the potential to generate significant free cash flow that could result in large dividend increases and a much higher stock price.

If you have some cash on the sidelines and are a buy-and-hold investor, Nutrien looks attractive today.

CATEGORY

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

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1. Editor's Choice

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