



Is Nutrien Ltd. (TSX:NTR) a Top Canadian Stock for RRSP Investors in 2019?

Description

As we approach the end of the year, many investors are starting to think about stocks they might want to add to their self-directed [RRSP](#) portfolios for 2019.

RRSP season, as it is known, really heats up in January and February, although contributions can certainly be made on a regular schedule throughout the year to avoid the annual deadline crunch.

Since the RRSP is generally viewed as a buy-and-hold portfolio, investors often search for top stocks that have solid long-term growth opportunity.

Let's take a look at **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) to see if it might be an interesting pick for 2019.

Market leader

Nutrien is the largest crop nutrient company on the planet and has the world's leading agricultural retail business.

Demand for the company's products continues to grow as global farmers are forced to deliver better yield with less arable land. The combination of urban sprawl, which eats up valuable farmland, and a rising global population bodes well for Nutrien in the decades to come.

The planet is currently home to roughly 7.7 billion people. That number is expected to hit 10 billion by 2050.

Efficiencies

Management is making good progress on the integration of the Agrium and Potash Corp. assets. The two companies merged to form Nutrien at the beginning of 2018. Run-rate synergies are already well ahead of the original US\$300 million target. In fact, the company should exit 2018 with run-rate synergies of US\$500 million and expects the number to hit US\$600 million by the end of next year.

Cash flow

Potash and nitrogen prices are rising after a multi-year slump, and that is helping boost margins. Nutrien reported solid Q3 2018 earnings and raised its guidance for the year. The company also announced a 7.5% increase to the dividend from US\$0.40 to US\$0.43 per share beginning in 2019. At the time of writing, the distribution provides a [yield](#) of 3.4%.

With state-of-the-art facilities in place, Nutrien does not face a major capital requirement in the medium term, and that should enable the company to generate attractive free cash flow to share with investors in the coming years. If crop prices return to previous levels, the profits could be significant.

Should you buy?

The stock is down to \$65.50 per share from the 2018 high of \$76, giving investors a chance to pick up the fertilizer giant at a reasonable price.

Commodity companies go through cycles, and it is always ideal to pick them up just as they begin to benefit from an upturn in the industry. With prices improving, this might be the right time to add Nutrien to your RRSP portfolio.

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