



## Should Nutrien Ltd. (TSX:NTR) Stock Be a Top RRSP Pick Today?

### Description

Canadian savers are searching for top-quality stocks to add to their self-directed RRSP accounts.

The best companies to own tend to be industry leaders that have long-term revenue and cash flow growth potential. Let's take a look at **Nutrien** ([TSX:NTR](#)) ([NYSE:NTR](#)) to see if it deserves to be in your [portfolio](#) right now.

### Earnings

Nutrien just wrapped up its first full year of operations after being created through the merger of Potash Corp and Agrium. The new company is the world's largest supplier of crop nutrients and has a growing retail operation that supplies more than 500,000 farmers around the world with seed and crop-protection products.

Nutrien delivered financial results that outpaced original guidance last year. The company reported adjusted net earnings of US\$2.69 per share, which came in well above the US\$2.20-2.60 target the company set at the end of the first quarter.

The integration of Agrium and Potash went well in 2018. Run-rate synergies came in at US\$521 million in 2018, beating original guidance of US\$500 million. In 2019, the company expects the metric to be US\$600 million.

### Outlook

The fertilizer sector is recovering after a multi-year slump that hit potash, nitrogen, and phosphate prices. Nutrien signed new wholesale contracts with India and China at higher rates last year compared to 2017, and spot prices have improved in key markets. Potash demand is expected to hit a global record in 2019.

Management is targeting adjusted net earnings of US\$2.80-3.20 per share for the year, representing a

nice increase over 2018.

## Dividends

Nutrien raised the dividend by 7.5% for 2019 and additional gains should be on the way in the coming years. Potash and Agrium both completed major capital programs before getting together, so Nutrien already has the state-of-the-art facilities it needs to grow production as demand rises.

As the market recovers, Nutrien has the potential to generate significant free cash flow, and that should result in generous payouts for investors.

At the time of writing, the stock provides a [yield](#) of 3.9%.

## Should you buy?

Population growth combined with ongoing loss of farmland due to urban sprawl means the planet's farmers will be forced to squeeze better yield out of less land in the coming decades. In addition, rising middle-class wealth in developing countries is driving higher demand for meat, and those animals have to be fed.

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

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

### TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)

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