



Analysts Rate Nutrien (TSX:NTR) Stock a Buy: Should You?

Description

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is among the largest fertilizer companies in the world. With a market cap of \$39 billion, it's a TSX 60 component and a major supplier to emerging markets.

Recently, there has been some optimism toward Nutrien owing to the growing demand for its products in China and India. Combined, these markets make up 40% of the company's total sales. As they continue to grow, they may drive strong revenue growth for Nutrien (assuming commodity prices remain favourable).

As a result of its growing and stable business, Nutrien has earned some positive ratings from analysts. Recently, positive coverage for Nutrien has been on the rise, with more financial experts than ever calling the stock a buy. This could be a good reason to load up on Nutrien stock. But before you jump into it, let's take a look at the company's most recent quarterly results.

Nutrien's Q1 results

Nutrien posted \$41 million in earnings in Q1, up from a \$1 million loss in the same quarter a year before. This occurred at the same time as the company grew revenue by just 1%; the two figures combined could indicate that the company is becoming more operationally efficient. The fact that the company grew revenue at all in the quarter is impressive, since the winter of 2018/2019 was a tough one that had adverse effects on mining, farming, and railroads.

Growth in emerging markets

Much of Nutrien's growth recently has been driven by [developing nations](#), some of which are experiencing fertilizer shortages. In many of these markets, agriculture is still a major growth industry; India in particular is struggling to produce adequate farmland to feed its fast-growing population. In light of this, it's no surprise that Nutrien would see growth in the developing world. The company performed particularly well in India in Q1, growing its percentage of sales volume there from 6% to 10%.

A rising dividend

Thanks to its solid earnings growth, Nutrien [raised its dividend](#) for 2019 by 7.5%. Over a 10-year time frame, the company's dividend has been on the way up, although the payouts declined somewhat on average over the past three years. Nutrien faced some difficulties after the financial crisis in the 2000s and has had a somewhat erratic earnings history since then, so it's to be expected that its dividend would vary over time.

Foolish takeaway

Nutrien is a very cheap stock in an industry that has a lot of potential for growth, and analysts are taking notice. If you're not afraid of buying stocks with downward-sloping long-term charts, you may find value in Nutrien. The stock's 3.4% dividend yield makes it a fairly solid income play, although that dividend has a history of instability. Personally, I won't be buying Nutrien any time soon, but if you think positive analyst coverage is a plus, this may be one to consider.

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Date

2025/09/07

Date Created

2019/05/19

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