



Nutrien (TSX:NTR) Raises Dividend Again: Time to Buy This Stock?

Description

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) just raised its [dividend](#) for the second time in the past six months, and investors are wondering if this is a signal to buy the stock.

Investor bonus

Nutrien increased the dividend at the beginning of the year from US\$0.40 per share to US\$0.43, supported by strong 2018 results and a positive outlook for 2019. The board just raised the payout again to US\$0.45 per share, representing a total increase of 12.5% for the year.

The company reported Q1 2019 results that came in strong, despite the rough weather conditions experienced in the United States. Farmers in the U.S. endured the wettest six-month stretch in 125 years.

Nutrien said in the May 9th earnings release that it still expected to see strong crop input demand in Q2, and the board's decision to raise the dividend suggests the outlook remains on track. Nutrien confirmed its expectations of 2019 earnings per share of US\$2.80-3.20. That is considerably higher than the 2018 results of US\$2.69 per share.

Long-term situation

Nutrien is the world's largest potash producer and sees record global shipments materializing this year with deliveries targeted at 67-69 million tonnes.

Potash prices have improved after a multi-year slump that contributed to the creation of Nutrien through the merger of Potash Corp. and Agrium. The combined company also has a strong retail division with more than 1,500 stores providing global growers with seed and crop protection products.

This part of the business provides a stable revenue stream to help offset some of the volatility that can occur on the commodity side. Nutrien is expanding the retail division through strategic acquisitions, and

that trend is expected to continue as the sector consolidates. In 2019, the company announced deals to acquire U.S.-based Actagro and Van Horn and Australia-based Ruralco.

Tech disruption is also hitting the farming industry and Nutrien is at the forefront. The company's digital solutions provide farmers with full account management, agronomic insights, and hands-on customer support.

Should you buy?

The planet's human population is expected to grow from 7.7 billion today to about 10 billion in 2050. At the same time, urban expansion required to house all the new people is eating up farmland.

The end result is a situation where farmers will need to squeeze more yield out of less land. One way to do that is to use crop nutrients and seed supplied by Nutrien.

The stock currently trades for about \$64.50 per share compared to \$76 last summer. The profit outlook remains unchanged, and the latest boost to the dividend means management can't be overly concerned about the revenue stream over the medium term.

Investors with a buy-and-hold strategy should consider nibbling on the stock while it is out of favour. The [dividend](#) provides a 3.6% yield, so you get paid reasonably well to wait for sentiment to improve.

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Date

2025/08/23

Date Created

2019/05/28

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