1 Oversold Dividend Stock to Buy and Hold for a Decade

Description

After a bit of a crisis at the end of 2018, the first half of 2019 seems to have stabilized. Year to date, the **S&P/TSX Composite Index**, for example, plummeted 15% and has since rebounded to right where it left off last October.

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While there have been some stocks that have soared during that time, there are still a few that just haven't skyrocketed like some of their peers. In fact, some have even become oversold in that time, one example being **Nutrien** (TSX:NTR)(NYSE:NTR), which has an RSI of 14 as of writing. So, let's take a look at why Nutrien should be the next stock added to your portfolio.

Still cheap

With analysts give this company a fair value of around $91 per share, that makes Nutrien's current share price of $69 at the time of writing a whale of a deal. While the stock has rebounded from its December low of around $60 per share, it still has a way to go before reaching its all-time high near $80 per share.

So, why the discount? This could be because the stock is rather new. After merging Potash Corp. and Agrium back in 2018, Nutrien became the world's largest supplier of crop nutrients around the world. The company's retail stores reach as far as China and India — a large part of the company's growing earnings base. But while size might be important, investors are likely waiting for this company to show some serious profits or at least revenue before putting down more chips.

Room for growth

Nutrien continues to expand its retail operations by acquiring other smaller businesses, and that trend should continue into the near future. In fact, the long-term goal is to become the king pin of the potash industry, thereby becoming the main influence on pricing. The company aims to triple its lendings to U.S. farms within five years to $6 billion to drive up farm supply sales.

In the meantime, this focus on the potash industry remains a stable revenue stream for Nutrien, demonstrated through the company's latest quarterly results. Despite some extremely wet weather, the company reported $4.95 billion in revenue for the quarter, and gross profit of $975 million. Its earnings per share (EPS) came in at $0.51.

That cash will be used towards two things: further acquisitions to grow its company and shareholder dividends. The company recently increased its dividend by 7.5% for 2019 and expects to continue raising it in years to come. The dividend at the time of writing is 3.51%.

Should you buy?

As the population around the world increases, two things will happen: more food will be needed to feed this increase in population, and less land will be available to produce it.

That makes companies like Nutrien a perfect long-term investment. As the largest seller of potash selling to highly populated countries such as China and India, Nutrien stands to make a killing for investors willing to buy and hold for decades. As demand for potash increases, so will the price of potash and other nutrients — and shares and dividends along with it.

Even if investors wait for this stock to get back to the prices of last summer, that's an increase of 10%, with a dividend yield of 3.51% for the year. That would turn a $10,000 investment into $11,000, with nice added dividend of $336 for the year.

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