



## Is Nutrien (TSX:NTR) a Top Buy for Your RRSP Today?

### Description

Buying stocks when they are out of favour takes some courage, but picking the right companies when the share price is under pressure can result in nice gains down the road.

Let's take a look at **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) to see if it deserves to be in your [RRSP](#) portfolio today.

### Market outlook

Nutrien is a producer of potash, nitrogen, and phosphate. These products are used to help improve crop yields.

The company sells potash on major wholesale contracts to countries such as China and India and also has a retail division that sells seed and crop protection products to farmers around the world.

The fertilizer market improved in 2018 after a multi-year downturn that saw prices crash. This ultimately led to the merger of Potash Corp. and Agrium which created Nutrien at the beginning of 2018.

Global potash shipments are expected to hit a record in 2019 and prices should continue to improve. China and India signed contracts at higher rates in 2018 than 2017 and the next agreements are expected to see another jump, although not as big as last year.

The long-term prospects for the sector should be solid as global population levels are expected to rise to 10 billion from the current estimate of 7.7 billion. At the same time, the amount of available land is shrinking due to urban sprawl.

### Earnings

Nutrien generated earnings of US\$2.69 per share in 2018. The company is targeting US\$2.80-3.20 for 2019. That's a decent jump, and investors should see the positive trend continue, barring any major

pullback in crop nutrient prices.

## Dividends

Nutrien started 2018 with a quarterly dividend of US\$0.40 per share. The company raised the payout to US\$0.43 later in the year and recently declared another increase to US\$0.45. The hikes suggest management is comfortable with the revenue and earnings outlook for the year and beyond.

The payout provides a [yield](#) of 3.4%

## Should you buy?

Nutrien currently trades at \$67 compare to \$76 last August. The drop is partly attributed to recent weakness in the phosphate market and is potentially connected to concerns regarding the political tensions and trade issues with China.

That said, the stock appears oversold right now, and buy-and-hold investors might want to start nibbling before the new contract prices with China and India are released. In the event the new agreements are at larger increases than expected, Nutrien could surge.

This company has the potential to generate massive free cash flow at higher fertilizer prices, and the market doesn't appear to be pricing in that long-term opportunity.

### CATEGORY

1. Investing
2. Stocks for Beginners

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### Category

1. Investing
2. Stocks for Beginners

## Tags

1. Editor's Choice

### Date

2025/08/29

### Date Created

2019/07/22

### Author

aswalker

default watermark

default watermark