



## A Top Stock for Your RRSP in 2020

### Description

The annual rush to meet the Registered Retirement Savings Plan (RRSP) contribution deadline is just around the corner, and Canadian investors are starting to line up potential top stocks to buy for their self-directed RRSP in 2020.

Advisors normally recommend making monthly [RRSP](#) contributions to smooth out the process and ensure we meet our savings goals, but many people prefer to wait until they have a better handle on their year-end cash situation before deciding how much to contribute.

As an example, employees in some companies get a large chunk of their annual income in the form of bonuses in December.

Which stocks should you buy?

The RRSP investments are often viewed as buy-and-hold picks that should deliver solid returns over the long haul. Companies that pay [dividends](#) tend to be popular choices. Ideally, we want to buy the stocks when they are reasonably priced.

Let's take a look at one top Canadian company that might be an interesting 2020 pick for your RRSP.

### Nutrien

**Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) is a relatively new name on the TSX Index, but its businesses have been around for a long time. The company was formed at the beginning of 2018 when Potash Corp. and Agrium merged. The deal created a fertilizer giant that is the planet's largest supplier of potash and a leading producer of nitrogen and phosphate.

The three products are key fertilizers used by farmers around the globe to boost output on their fields. Wholesale contracts are negotiated with countries such as China and India every year, and those prices tend to set the bar for the rest of the market.

Nutrien also has a retail division that provides farmers with seed and crop protection products. These operations offer a nice balance to the wholesale group, which is more sensitive to changing commodity prices.

The stock is down in 2019 as a result of lower demand caused by unique weather events in the United States and India. Trade spats are also impacting the timing of some orders. Management expects 2020 to be a better year, as customers work through existing stockpiles.

The long-term demand outlook for crop nutrients is positive. The world's population is expected to rise from 7.7 billion in 2019 to as high as 10 billion in 2050. People need to eat, and farmers have increasingly less land to grow the food.

Nutrien has the potential to generate significant free cash flow when potash, nitrogen, and phosphate prices improve.

Potash Corp. and Agrium both completed multi-year capital programs before the merger, updating production facilities to be competitive in the global market. The investments established the capability to meet long-term demand growth, so investors shouldn't have to worry about the company taking on big debt or issuing new stock to cover large projects in the medium term.

Investors have an opportunity to buy Nutrien at an attractive price right now. The shares trade at just 6.7 times trailing 12-month earnings. Those who buy today can pick up a dividend yield of 3.9%.

## The bottom line

Nutrien is a global leader in its industry and demand for its products should grow for decades. The dividend should be safe, and investors could see a strong rebound in the share price when commodity prices move higher.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

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

### PARTNER-FEEDS

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