



A Really Cheap Stock for RRSP Investors in 2020

Description

The **TSX Index** had a big year in 2019, with strong gains coming from a number of sectors.

This has made it a bit more difficult to find deals in the Canadian stock market, but there are a few top companies that didn't participate in the rally last year and appear cheap right now for buy-and-hold investors.

Let's take a look at one oversold dividend stock that might be an interesting pick for a balanced [RRSP](#) portfolio in 2020.

Nutrien

Nutrien is a giant in the global fertilizer market. The company is the largest producer of potash and a top provider of phosphate and nitrogen. These commodities are referred to as crop nutrients and are essential to help growers around the world get better yield from their fields.

A series of unfortunate occurrences in 2019 led to Nutrien's decision to temporarily close some production facilities in an effort to match supply with demand.

The trouble began in the spring, when wet conditions in the United States delayed planting and reduced demand for Nutrien's products. The monsoon came late in India, putting added pressure on demand.

In addition, the market for palm oil hit a rough patch, removing cash from the pockets of farmers in Indonesia and Malaysia. Finally, China halted potash imports in the fourth quarter of the year.

As a result, Nutrien had to reduce its targets for the year and the share price has fallen from \$73 in March 2019 to the current price of below \$58.

The concerns surrounding the coronavirus outbreak have put additional pressure on the share price in recent weeks. Investors are wondering just how big an impact the disease will have on trade and

economic activity.

Additional downside could be on the way in the near term, albeit the stock is starting to appear oversold. Nutrien expects demand to rebound in 2020 and favourable weather conditions could result in a larger spike than anticipated. Despite the short-term volatility, the long-term outlook should be solid for the company.

Population growth is expected to boost the number of people on the planet from an estimated 7.8 billion in 2020 to 10 billion by 2050, which means that farmers will have to produce significantly more food. At the same time, urban expansion is eating up valuable farmland.

As a result, demand for crop nutrients should grow at a steady pace in the coming decades.

Nutrien is expanding its retail operations that sell seed and crop protection products. Consolidation in the sector continues, and Nutrien is buying strategic competitors to strengthen its position in the market.

The company has also made recent acquisitions on the technology side of the business and should be a major force in helping farmers manage their operations more efficiently.

Nutrien's facilities are state of the art and the company is positioned well to compete in the sector and meet future demand. Extensive capital programs undertaken by its predecessors, Potash Corp. and Agrium, ensured the business won't need to embark on expensive development projects.

Should you buy?

Nutrien offers a solid 4% [dividend](#) yield, so investors get paid well to wait for the next recovery. If you are searching for a cheap pick for a self-directed RRSP portfolio, this stock deserves to be on your radar.

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