Where to Invest $10,000 Right Now!

Description

While broader markets are trading close to record highs, finding a bargain deal could be challenging.

Nutrien

$32 billion fertilizer company **Nutrien** (TSX:NTR)(NYSE:NTR) could be one such pick. It is trading at multi-year lows, which could be an attractive entry point for long-term investors. This might look like a risky bet due to its recent steep fall. However, the stock might bottom out on expected higher earnings this year.

Nutrien had an anemic 2019, and the stock lost more than 16% over the past 12 months. The stock has fallen approximately 25% from its all-time highs of close to $75 in September 2018.

NTR stock exhibited a severe weakness, particularly in the second half of last year, mainly due to lower-than-expected earnings. The company's management also lowered its full-year earnings guidance for 2019.

However, the worst could be over for Nutrien, and the year 2020 might bode well for it. Analysts expect a strong increase in its EPS for 2020. Its upcoming quarterly earnings later this month will be an important driver for its stock in the short to medium term. However, a downbeat management commentary or lower-than-expected guidance for 2020 could hamper investor sentiment. This might create further downward pressure on the stock.

Notably, Nutrien stock doesn't look significantly cheap, despite its steep fall. It is trading 16 times its earnings for the next 12 months. It looks strong from a dividend perspective. NTR is trading at a dividend yield of 4.2%, higher than the broader market's average. Another positive for the stock could be its 14-day RSI (relative strength index), which has currently fallen below 30. This indicates that the stock is trading in the oversold zone and might exhibit a reversal in the short term.

Fortis

Our next pick is the regulated utility **Fortis** (TSX:FTS)(NYSE:FTS). It could be a classic defensive play mainly because of its dividends amid higher broader market volatility.   Fortis's stable earnings and dividends could act as an effective hedge in the event of a market downturn. Fortis stock is currently trading at a dividend yield of 3.3%, close to the broader market's average.

Utilities generally offer slow stock price movements and stable dividends. Thus, investors switch to these defensives when markets turn volatile. Interestingly, Fortis stock remained relatively strong when broader markets turned weak due to the coronavirus outbreak last week.

FTS stock also exhibited a great run last year. It returned more than 25% (including dividends) in the last 12 months. Interestingly, utilities' earnings have a small or no correlation with business or economic cycles. Thus, trade wars or recessions have a little impact on their bottom lines. That makes their dividends comparatively safer against broader markets. For the next five years, Fortis aims to increase its per-share dividends by an average of 6%.

Fortis's stable earnings and dividends make it an attractive pick for defensive investing. Rising geopolitical tensions might fuel broader market volatility, which will probably push investors towards safe havens.

While Nutrien could be an aggressive bet, safe-play Fortis will likely offset the higher risk. Both these offer strong dividend yields that might bode well for higher total returns.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

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2. NYSE:NTR (Nutrien)
3. TSX:FTS (Fortis Inc.)
4. TSX:NTR (Nutrien)

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