



Nutrien (TSX:NTR) Is a Dividend Stock That Could Soar High in 2020

Description

When you think of timely stocks that could make you rich over the intermediate term, the last thing you'd probably think of is a [dividend heavyweight](#) that's been in bear market territory. **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) fits the mould of a severely battered stock that has the potential to correct sharply to the upside.

Shares of the agricultural commodity kingpin are currently in a bear market, now down 23% from late-2018 highs. Although the unfavourable environment has taken a toll on the fertilizer company, I think the recent decline in shares has been overblown beyond proportion, especially when you consider management's optimism going into year-end.

Management commentary is to be taken with a grain of salt. The more optimistic the commentary, the finer the grain. And with Nutrien's management team expecting the agricultural market to rebound this year, I'd advise a hefty dose of skepticism. Not to take away from management's confidence in its market, but, as you may know, commodity prices are tough to forecast, as there are just too many variables and moving parts.

Fellow Fool contributor [Mat Litalien](#) highlighted that there are currently no signs of an uptrend and that the reality is that momentum will likely continue to drag the stock further into the abyss. While management's confidence and bullishness is encouraging to prospective investors, I'd warn investors who are blindly looking to back up the truck on the name with the hopes of making big bucks within a few months.

"Before jumping in, I'd like to see a clear path to a resolution to the demand imbalance and for a sign that the company has established a bottom. If that means I miss out on the lowest price, so be it." said Mat.

I think most investors would be wise to take Mat's advice by being cautious with a name that's currently a falling knife.

For those pain-tolerant investors who are looking for a rich dividend, though, I think it's tough to pass by the name at today's valuations. The 2020 rebound that Nutrien sees may or may not come to

fruition, but for long-term thinkers, it shouldn't matter, because they're getting a handsome dividend at a dirt-cheap price.

At the time of writing, Nutrien trades at 1.1 times book, 1.3 times sales, and 9.7 times EV/EBITDA. If that's not a rock-bottom valuation, I don't know what is. You may be going against the grain as of late February, and while it'd be nice to catch the stock on the bottom, I'd say that given the magnitude of the [undervaluation](#), the stock could suddenly move a heck of a lot higher without a moment's notice.

The bottom could be in within a trading session, so for those looking to gain exposure to one of the best agricultural commodity plays on the planet, it makes sense to buy now and just forget about it for the next five years. For now, there's a nice 4.2% dividend yield to collect while you wait for the much-anticipated rebound to happen.

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