



## Buy This Cheap Dividend Stock for the 5% Yield Today

### Description

The U.S. stock markets are terrible indicators at the moment. They give the impression that every stock has moved back up and there is nothing left to buy. When you look closely, however, it is pretty clear that it is basically just the technology companies, especially the large ones, that are driving this market higher.

In Canada, there are a number of great companies that are still trading at very reduced price levels. This is especially true for [commodity-related stocks](#) that trade near or below their book values while maintaining excellent dividends. One stock that you can still buy today that fits this category is **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)).

### The business is solid

Nutrien's management has stated on several occasions that they do not expect the recent virus lockdown to materially affect its business going forward. After all, you have to consider its customer base. Farmers participate in social distancing every day of their lives, meaning they will keep on working as they have every other year. Food is in constant demand, so their products will be needed.

They buy those inputs, such as fertilizer, from companies like Nutrien. Furthermore, crop prices have not been as impacted as other commodities, which bodes well for profits as the year progresses.

This is not to say that Nutrien is insulated completely from the virus, of course. The company reported a small loss in the first quarter of 2020, although lower earnings at the beginning of the year are typical for a company with seasonal customers.

### Dividend

Nutrien's dividend remained stable in the first quarter at \$0.45 a share. The company aims to pay out 40-60% of its annual free cash flow. For the moment, it does not appear to be concerned about a dividend cut. The yield sits at approximately 5% at the moment — a level that is historically high for the short history of this company.

Nutrien has not been around as a single company for very long, but it does have a history of dividend raises so far. In Q3 2019, Nutrien raised the quarterly dividend by \$0.02 a share from \$0.43 to \$0.45 a share. Hopefully, there will be another dividend increase in the fall if the company's free cash flow remains strong.

## Value opportunity

Nutrien is still quite cheap compared to other stocks, especially technology names, listed on the TSX. The stock is currently trading right at its book value. Not too long ago, you could have gotten it for less than its book value, but it remains at a decent value to enter a position today.

## The bottom line

If you want to buy shares of a strong company with a good dividend and positive future prospects, you could definitely take a look at Nutrien. It is still quite cheap, although the price has come up a bit over the past couple of weeks.

Nutrien is a great income stock that is poised to grow, as global food demand continues to rise. It is essentially [recession-proof](#) since farmers plant year in and year out. Locking in a 5% yield is very attractive at the moment. Over time, you will be rewarded if you hold it in the coming years.

### CATEGORY

1. Investing

### TICKERS GLOBAL

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

### PARTNER-FEEDS

1. Business Insider
2. Msn
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### Category

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