



## RRSP Investors: Should Nutrien (TSX:NTR) or TD (TSX:TD) Stock Be on Your Buy List?

### Description

Adding top stocks to a self-directed RRSP portfolio is a popular strategy to help Canadians [retire](#) in comfort.

The surge in the market since the March crash already wiped out most of the great deals, but some stocks still appear cheap and have the potential to deliver significant long-term gains for buy-and-hold investors.

Let's take a look at **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) and **TD** ([TSX:TD](#))([NYSE:TD](#)) to see if one deserves to be on your RRSP [buy list](#) today.

### Nutrien

Nutrien is the planet's largest supplier of crop inputs, including potash, nitrogen, and phosphate. A significant part of the 25 million tonnes it ships each year is sold on annual wholesale contracts to government buyers, such as China and India. Growers around the globe use the fertilizer products to improve crop yields.

Nutrien also has a retail business that sells seed and crop protection products to nearly 500,000 farmers. The division includes an expanding digital solutions unit that helps customers manage their businesses more efficiently.

Bad weather and delayed purchases hit results in 2019. The pandemic added to the pain this year. In the Q1 2020 report, Nutrien reduced its 2020 adjusted net earnings guidance from US\$1.90-\$2.60 per share to US\$1.50-2.10 per share.

The company took steps in the past few months to boost its liquidity in order to have an extra cushion to ride out the recession. The CEO said the business remains in excellent financial shape with a strong balance sheet. The current quarterly dividend of US\$0.45 per share should be safe and provides a yield of 5.5%.

Commodities go through cycles. As a result, buying commodity stocks when they are under pressure often results in solid gains when the market rebounds. Nutrien's long-term outlook should be robust, as global population trends bode well for food and fertilizer demand.

The stock trades near \$45 right now compared to \$60 at the start of the year.

## **TD**

TD is Canada's second-largest bank by market capitalization. It is widely viewed by analysts as the safest pick among the Canadian banks due to its core focus on retail banking activities and its limited direct exposure to the energy sector.

TD invested billions of dollars since 2005 to build a significant U.S. business stretching from Maine right down the east coast to Florida. The ongoing pandemic challenges in the United States could delay the economic recovery in the country. This might result in larger loss provisions than anticipated.

Overall, however, TD is in solid shape to ride out the downturn. The company has a strong capital position and remains very profitable. TD reported fiscal Q2 2020 adjusted net income of \$1.6 billion, even after booking \$3.2 billion in provisions for credit losses.

The housing market continues to hold up well, and TD should benefit from strong trading results through fiscal Q3. If we see a V-shaped economic recovery and loan losses turn out to be lower than expected, the stock could catch a nice tailwind in 2021.

TD trades near \$61 per share compared to \$75 earlier this year. Investors who buy now can pick up a reliable 5% dividend yield.

## **Is one a better buy?**

Nutrien and TD both appear cheap today and should be attractive picks for a diversified RRSP portfolio.

The fertilizer giant likely offers more upside potential than TD from the current share prices, but would also be at a higher risk of a dividend cut in the event market conditions get worse next year.

At this point, I would probably split a new investment between the two stocks.

## **CATEGORY**

1. Bank Stocks
2. Coronavirus
3. Investing

## TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:NTR (Nutrien)
4. TSX:TD (The Toronto-Dominion Bank)

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