Market Crash or Not, This Dividend Darling Is Too Cheap to Ignore!

Description

With many talking heads attempting to give their near-term forecast for where the financial markets are headed over the near term, the focus of investors has been drawn on when the market crash will end and when it's safe to start doing some buying. Indeed, many beginner investors are asking the wrong questions.

Like it or not, paying too much merit to near-term market projections is timing the market. And as you may know, timing the markets can be harmful to your wealth. Not just in terms of taking on the most downside risk at times when everybody else is bullish, but missing out on considerable upside when the herd is far too bearish.

For younger investors, the risk of missing out on upside is arguably the greater risk. As such, investors should seek to buy the bargains they spot, regardless of what the so-called experts on TV think will happen.

The markets are an unpredictable beast over the short to medium term. Nobody, Warren Buffett included, knows with any degree of accuracy what Mr. Market will do next week, the next month, or even the next year. What he and many other smart investors know, however, is that over the long term, the trajectory for the markets is positive. Markets tend to go up over the long run, and as Foolish investors, we strive to invest with this time horizon in mind.

Invest with the long term in mind, and you'll get rich slowly

Yes, volatility and things to worry about are arguably at a high for many of us. But one must not confuse volatility with downside risk, especially for youngsters who have decades to invest and recover from any market crashes and corrections that will inevitably happen along the way.

This piece will have a look at a battered high-yield stock that Canadian investors should look to buy this October, even if they're a bit rattled by pandemic uncertainties that will likely continue to plague this market over the intermediate term.

Going against the grain with an agricultural commodity kingpin

Nutrien (TSX:NTR)(NYSE:NTR) is a fertilizer kingpin that was in a world of pain well before the coronavirus crash hit. Today, agricultural commodity prices are unfavourable, and that has not boded well for Nutrien's bottom line. With a robust retail segment and operational advantages (in potash production in particular) it holds over most of its peers in the space, Nutrien is a "moatier" stock than most folks would give it credit for.

That said, Nutrien faces profound headwinds en route to a normalized environment. The medium-term outlook is highly uncertain, and with no reason to believe that agricultural commodity prices will bounce back anytime soon, Nutrien stock has been ditched to the curb by investors that have begun to lose their patience with the name that continues to underperform the broader markets.

The company is well equipped to navigate the next wave of this crisis, with its rock-solid balance sheet (1.3 current ratio) and relatively reliable cash flows. With shares trading at book value and 1.1 times revenues, I find shares to be in the deep-value category. While it will be hard to get in at the bottom on the ailing commodities play, I think that folks looking to invest for the next decade have a lot to gain by going against the grain here.

Foolish takeaway

With a 4.7% yield, Nutrien is a terrific buy-and-forget candidate for true long-term thinkers. A haze of uncertainty clouds the medium-term outlook. However, the longer-term trajectory remains compelling, as the long-term demand for crop yields (and agricultural commodities) looks to increase over the long haul. The near-term pressures may be problematic for Nutrien, but it still looks to be on the right side of a secular trend, and that makes NTR stock a buy right here, even if you think we're due for a second market crash.

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Author
joefrenette