



## 3 Top Stocks to Consider in Q4 2020

### Description

The market continues to show a surprising level of resilience heading into the end of 2020. Several top stocks in growth sectors now trade above the pre-pandemic levels.

Additional gains could be on the way, but risks connected to rising COVID-19 cases and the U.S. election shouldn't be ignored. As such, investors might want to seek out cheap [dividend](#) stocks with safe payouts as we head into 2021.

### Is Nutrien a top stock for the future?

Nutrien is the planet's largest supplier of potash and a leading producer of nitrogen and phosphate. Farmers around the globe use the fertilizers to improve crop yields.

Nutrien also has a large retail group that supplies nearly half a million global growers with seed and crop protection products. In addition, the retail group includes a growing digital solutions business that helps clients manage their businesses more efficiently.

The stock appears cheap right now and the dividend provides a decent 4.5% [yield](#). Nutrien traded for \$65 per share a year ago. Today it sits near \$54, so there is decent upside potential.

Potash prices likely already bottomed out in this cycle, setting Nutrien up for better margins in the coming years. Demand growth should be steady as arable land continues to disappear while the number of people increase. The planet's population is expected to rise from 7.8 billion in 2020 to nearly 10 billion in 2050.

Farmers need to get better yields from less land. That bodes well for Nutrien.

### Why is Canadian Natural Resources now Canada's top energy stock?

**Canadian Natural Resources Limited** ([TSX:CNQ](#))([NYSE:CNQ](#)) recently overtook Suncor as Canada's largest energy company by market capitalization.

CNRL surprised the market earlier this year when it decided to maintain its dividend. The board reaffirmed its commitment to the distribution in the Q2 2020 report, citing strong production and cash flow, along with a solid balance sheet.

CNRL has a diverse asset portfolio that includes oil sands, conventional oil, offshore oil, gas liquids, and natural gas. The company tends to hold a 100% interest in most of its operations, giving CNRL the flexibility to move capital to the best opportunities according to shifts in commodity prices.

CNRL's breakeven point is below West Texas Intermediate (WTI) US\$31 per barrel. Oil current trades near US\$40.

Once COVID-19 vaccines become widely available next year the oil industry should see demand growth. CNRL's large natural gas operations provided a decent hedge so far through the pandemic, with market prices holding above year-ago levels.

The current dividend provides a yield of 7.3%. The stock trades at just \$23 compared to \$40 in January.

## Is Enbridge's stock too cheap to ignore?

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) transports roughly a quarter of the oil produced in Canada and the United States. It also moves about 20% of the natural gas used by U.S. businesses and homes. In addition, the company has renewable energy and natural gas utility operations.

Enbridge underwent a serious restructuring program before the arrival of the pandemic. The company sold close to \$8 billion in non-core assets and brought four subsidiaries under the umbrella of the parent corporation. These efforts shored up the balance sheet and streamlined the corporate structure.

The drop in fuel demand in recent months reduced throughput on the main oil pipelines, but that should be a temporary situation. The other assets continue to perform well and Enbridge [confirmed](#) its distributable cash flow guidance when it reported results for the second quarter.

Enbridge's dividends should be safe and now offers a yield of 8.25%.

## The bottom line

Nutrien, CNRL, and Enbridge are industry leaders with strong businesses and attractive dividends. The stocks appear cheap right now and should be solid picks for a buy-and-hold portfolio.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:NTR (Nutrien)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:ENB (Enbridge Inc.)
6. TSX:NTR (Nutrien)

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