



This Boring, Safe Stock Just Doubled in a Few Months!

## Description

Finding defensive gems with great dividend yields and high degrees of safety on the TSX isn't hard. Finding such companies with the ability to double in just a few months is a difficult task.

**Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) is such a company. Since its pandemic-related lows in March, this stock has doubled. Here's why I think much more [upside](#) is on the horizon in 2021 and beyond.

## Safety is key right now

The valuations of the vast majority of stocks are simply unreal at the present moment. Nutrien's forward price-to-earnings multiple of around 26 times is reasonable, and I think is more than warranted given the safety this stock provides.

The company's core business is in providing fertilizer and farming supplies to the agricultural sector. This is one sector that will continue to exist and thrive, as the need for food increases over time. Crop yields are improved and efficiencies are created with Nutrien's products that provide a real pathway for global food security.

Global food demand is expected to increase annually by around 3% over the very long term. Until humans stop reproducing and we solve global hunger, the demand for Nutrien's products will continue to increase. Accordingly, investors worried about stock market volatility should consider Nutrien as a safe income play with excellent growth upside over the long term.

## Consolidation will drive better economics for Nutrien

Nutrien is the result of a merger between the former Potash Corporation of Saskatchewan and Agrium Inc. Broadly speaking, consolidation in this sector is both necessary but highly bullish for long-term investors.

This is because the commodity prices of potash and other agricultural inputs have taken a hit in recent

years. Despite rising nicely of late, commodity prices are still a key factor in how this stock is valued. More consolidation means more pricing power for Nutrien. Additionally, the company's Agrium business has great margins and is less reliant on commodity prices, providing additional cash flow safety for investors worried about commodity exposure.

## Bottom line

Investors that have had the fortitude to fight pessimistic sentiment to buy at the bottom have been greatly rewarded. I think much more upside is on the horizon and would encourage value investors to consider Nutrien at these levels. The stock is still cheap relative to similar dividend payers, and the upside is juicy.

Now is not the time to take on excess risk. For those looking for stocks to put in your portfolio and forget about, this is a great pick.

### CATEGORY

1. Investing

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1. dividend
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1. NYSE:NTR (Nutrien)
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