



RRSP Investors: 2 Top TSX Stocks to Buy in 2021

Description

With stock markets trading at record levels [RRSP investors](#) have to be careful putting new money to work. Fortunately, you can still buy top **TSX** stocks that appear reasonably priced for a self-directed buy-and-hold portfolio.

March 1, 2021 is the RRSP deadline for the 2020 tax year. While investors don't have to buy stocks before that [important date](#), the cash contribution needs to be made to the RRSP account by the deadline to get the reduction in taxable income for last year.

Why Nutrien deserves to be a top RRSP pick now

Three years ago the merger of Potash Corp and Agrium created **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)). The result is a fertilizer powerhouse in the global market for potash, nitrogen, and phosphate. Farmers around the globe use the crop nutrients to boost yields on their land.

The former companies came together amid a prolonged slump in commodity prices. The cycle is beginning to turn and that bodes well for Nutrien shareholders. As prices increase, the company has the potential to be a cash machine.

High crop prices should lead to increased acreage being planted in the United States. Nutrien sees global potash shipments hitting record levels in 2021.

Nutrien's retail operations continue to growth through acquisitions amid ongoing consolidation of the sector. The group sells seed and crop protection products to global growers. Nutrien is also investing heavily in its digital solutions business. In the [Q3 2020 earnings report](#) Nutrien said its digital agriculture platform topped \$1 billion in sales in the quarter.

The stock isn't as cheap as it was last March, but Nutrien should still be in the early innings of a cyclical recovery in the global crop nutrients market.

Investors who buy now can pick up a 3.3% dividend yield.

Still a top TSX stock today

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) plays an integral role in the smooth operation of the U.S. and Canadian economies.

The company boasts roughly 20,000 route miles of track that span Canada from the Pacific to the Atlantic coasts and down through the heart of the United States to the Gulf of Mexico. This unique connection to three key ports gives CN an advantage when securing intermodal contracts.

CN continues to invest billions of dollars each year on new locomotives, rail cars, route upgrades and intermodal hubs. Investors get great exposure to American economic growth through the stock. CN caters to diverse business segments. When one group has a bad quarter, the others normally pick up the slack.

The business generates solid profits and free cash flow every year. CN's board just raised the dividend by 7% for 2021. Investors who have owned the stock since it went public in the mid 1990s have received a compound annual dividend growth rate of about 15%.

The stock soared off the 2020 low to a new record high last fall. Recent weakness gives investors a chance to buy before the next rally. CN typically doesn't stay oversold for long and buying pullbacks tends to result in decent long-term returns.

The bottom line

Nutrien and CN are leaders in their respective industries. The stocks appear attractive at this point in the current economic cycle and should deliver attractive returns for buy-and-hold RRSP investors.

CATEGORY

1. Investing

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2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:NTR (Nutrien)
4. TSX:NTR (Nutrien)

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