



RRSP Investors: 2 Top Canadian Stocks I'd Buy Now and Hold for Decades

Description

The [RRSP deadline](#) for the 2020 tax year is March 1, 2021. Investors with some cash to put in their retirement portfolios are wondering which top Canadian stocks might be [good buys](#).

Why Nutrien is a top Canadian stock for RRSP investors

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is a giant in the global crop nutrient industry. The firm is the largest supplier of potash and a major producer of nitrogen and phosphate. Farmers around the globe rely on these fertilizer products to boost yield on their fields.

Nutrien went through a rough time in the past few years due to a downturn in commodity prices. The cycle appears to have bottomed and management sees strong momentum in 2021 and beyond. The company [reported](#) Q4 2020 net earnings of US\$316 million. Potash adjusted EBITDA rose 48% compared to Q4 2019. Nutrien expects global potash shipments in 2021 to hit a record 68-70 million tones.

For the full year, Nitrogen generated US\$1.8 billion in free cash flow. CEO Chuck Magro said, "Nutrien reported excellent results across the entire business."

Looking ahead, Nutrien expects U.S. farmers to plant an additional 10 million acres in 2021 on the strength of high global crop prices. This will drive higher demand for Nutrien's products. The firm should see increased demand for fertilizers on the commodity side and seed and crop protection products from the retail business.

The board announced a dividend hike for 2021 and intends to buy back up to 5% of the outstanding stock through a new normal course issuer bid (NCIB). The dividend increase and share-repurchase program is great news for investors.

The stock already doubled off the 2020 low, but more gains should be on the way. At the time of writing, Nutrien trades near \$71 per share. It wouldn't be a surprise to see the share price hit \$100 in the next two years.

TC Energy looks cheap today and pays a great dividend

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a major player in the North American natural gas transmission and storage sector. The company owns and operates essential gas infrastructure across Canada through the United States and in Mexico.

Natural gas has a bright future. As countries around the globe make the transition to clean energy, natural gas plays a key role. Coal-fired plants are being converted to natural gas and new gas-fired facilities are being built. This should drive strong growth in the liquified natural gas (LNG) market.

TC Energy has the pipelines in place to connect natural gas producers with LNG terminals that put the liquified gas into boats to ship to countries around the globe that don't have their own gas resources. Canada and the United States produce abundant natural gas at a low cost, so the LNG market is attractive for North American producers.

TC Energy also has oil pipelines and power-generation assets. The capital program is one of the largest in the industry, and new assets should drive steady cash flow growth. The board intends to raise the dividend by 8-10% in 2021 and by 5-7% per year starting in 2022.

The stock trades near \$57 compared to \$75 a year ago. Investors who buy now can pick up a solid 5.7% dividend yield with great distribution growth on the horizon.

The bottom line on top Canadian stocks for RRSP investors

The broader market is arguably overbought right now, but some top Canadian stocks like Nutrien and TC Energy still appear reasonably priced and should deliver solid gains and nice dividend growth in 2021 and beyond.

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2. NYSE:TRP (Tc Energy)
3. TSX:NTR (Nutrien)
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