



## Why Nutrien Remains a Great Long-Term Buy-and-Hold Opportunity

### Description

As with most other commodity plays, **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) has more than made up the ground it lost due to the pandemic. In fact, shares of Nutrien are now trading near [all-time highs](#).

For investors worried about where valuations are today, perhaps this outsized move is concerning. After all, we're seeing valuation expansion in nearly every sector now.

However, there's reason to believe Nutrien could still hold excellent value at these levels. Indeed, I'm a big believer in the potential of this company over the medium term. Cyclical commodities plays are hot right now. However, for those who believe there's a much longer runway for growth in this sector, now could be a great time to consider stocks like Nutrien.

Let's dive into why this might be the case.

### Improving business economics gets a boost

Nutrien's commodity-centric business model is highly dependent on commodities prices. Most investors know this already.

Accordingly, one of the few levers the company's has in terms of how it can provide more cash flow to shareholders is through production increases. Now, it appears Nutrien is optimizing its current potash and fertilizer production with its existing mines. However, a new opportunity has presented itself which may be of interest to investors.

Another industry leader in potash production, **BHP**, is said to be in talks with Nutrien over the company's massive Jansen mine. This mine has been one of the key focal points for investors in the fertilizer space for some time. Indeed, BHP's Jansen mine has been the envy of the sector, and increased supply from this mine was one of the reasons potash prices have suffered in recent years.

However, with the resurgence of potash prices of late, Nutrien has done well. So well, BHP appears to be eyeing Nutrien as a partner to develop its Jansen mine.

This partnership could take the form of Nutrien taking over production at the mine. Alternatively, Nutrien could simply take a stake in the project. In either case, it appears BHP is looking to take advantage of Nutrien's industry-leading expertise in mine development on this one.

BHP has spent nearly \$4.5 billion in developing this mine. The company's faced investor opposition and waiting on construction approvals. Accordingly, there's some hair with the project. However, if Nutrien can get everything moving in the right direction, perhaps this tie-up could lead to additional consolidation on the horizon. Who knows?

## Bottom line

This potential deal looks like a sweet one from both parties' perspectives. Nutrien could boost its production at a time when commodity prices are soaring. And BHP would lower its financial and operating risk. These giants haven't officially confirmed anything yet. However, the speculation surrounding this deal is noteworthy.

Nutrien is certainly a stock investors need to keep on their radar right now. At below \$80, this stock looks like a great deal today.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### POST TAG

1. growth
2. growth stocks
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