



1 Top Defensive TSX Commodity Play to Hedge Your Portfolio

Description

The stock market is going through another round of [volatility](#) right now. The current havoc can be attributed to the concerns regarding rising inflation rates, as investors continue suffering from selling pressure for growth stocks in recent weeks.

It is not surprising to see that many investors are cashing out and walking away with their profits at these levels. Some investors might consider exiting the stock market until the volatility dies down, but commodities are also providing many investors with the necessary refuge against inflation.

If you are also looking for opportunities on the stock market that can provide you exposure to commodities as a hedge against inflation, **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) could provide you with a viable solution.

A surge in commodities

Nutrien has been putting up an impressive performance in recent weeks, and it seems like the stock still has the momentum to keep going. Rising inflation has led to higher commodity prices, providing companies like Nutrien a boost in revenues. The upside potential for the company has been there for a long time, but investors who bought it before the recent bull run are enjoying stellar returns.

Commodities could sustain the higher run, as interest rates continue to remain low and the U.S. dollar weakens. The rising demand for everything from oil to food and even base metals is also likely to continue for the medium term. The current commodity prices might still have some more room to grow in the coming months.

Nutrien is one of the companies slated to grow if commodities can sustain the surging prices. Suppose you are an investor that's bullish on the broader economy but want to practice caution against growth stocks amid the volatile market conditions. In that case, Nutrien could be a worthwhile addition to your portfolio.

Foolish takeaway

The first-quarter earnings report from Nutrien reflects the positive development for the company, as the current environment continues to brew into more favourable conditions. The company generated \$476 million in free cash flow in the quarter, almost doubling the numbers from the same period last year.

Nutrien's EBITDA also rose 60%, and its retail operations grew by 12% in the same period. The baseline in 2020 did not present a pretty picture to compare with, but the medium-term growth signal is still good news for Nutrien.

The agriculture commodities company plays a vital role in global economies by providing the agriculture sector with the necessary chemicals to continue growing crops. Regardless of what happens to the economy, there will be a growing need for the products and services provided by the company.

Nutrien's stable and growing business in North America, and its increasing importance in emerging economies position the stock to offer its investors stellar returns on their investments during the current market conditions.

Trading for \$77.91 per share at writing, Nutrien stock boasts a decent 2.85% dividend yield. Investing in the stock could provide you with protection against rising inflation rates and offer you wealth growth through capital gains and [reliable dividends](#).

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