2 Top Canadian Stocks to Buy Now and Hold for 25 Years

Description

Investors are searching for top Canadian stocks to buy today that will provide the best long-term returns for their self-directed pension portfolios.

Nutrien

Nutrien (TSX:NTR)(NYSE:NTR) is a great stock to buy if you want to bet on rising global population and middle-class growth. The company is the world's largest fertilizer firm providing potash, nitrogen, and phosphate to the planet's farmers. Potash is sold on wholesale contracts to countries. China and India are the largest buyers, and their agreements typically set the bar for market prices. Nutrien sells on the spot market as well and has a retail business that provides growers with seed and crop protection products.

High crop prices are driving strong fertilizer demand in key markets, including the United States, Brazil, Canada, and Australia. Nutrien says it is increasing its 2021 potash production by another 500,000 metric tonnes to accommodate the strong market conditions. This is the second production boost of this size announced in recent weeks. The company is benefitting from lower production at competitor operations and new sanctions against Belaurus, which is a major potash producer.

Nutrien raised its guidance for the year, and the fertilizer market might be in the early stages of a strong cyclical recovery. As prices rise, Nutrien has the potential to generate significant margins and profits. Investors should see the recent string of dividend hikes continue.

The stock trades near $76 per share at the time of writing. A run to $100 or higher is certainly possible by the end of next year.

BCE

BCE (TSX:BCE)(NYSE:BCE) trades near $61 and provides a 5.75% dividend yield. When you compare the return to a GIC that currently pays about 1%, BCE looks like an attractive buy-and-hold pick, even if the stock price doesn't move higher.

A recent decision by the CRTC to cancel forced cuts to wholesale internet rates is a big win for BCE and its peers that own fibre networks. BCE now has better clarity on future revenues from that part of its business and has already responded by increasing its capital program by $500 million as a result.

The expansion of fibre and 5G networks is expensive in a country like Canada where the population is spread out across such a vast area. To put this into perspective, Canada's population is similar to that of the greater Tokyo region. BCE and its competitors proved the value of having world-class communications infrastructure available to the country over the past year, and this might be why the CRTC is stepping back a bit.

BCE generates strong cash flow to cover its dividend, and investors should see steady payout increases continue. The stock should drift higher over time, but the real attraction is the rock-solid payout and high yield.

The bottom line

Nutrien looks cheap right now, and BCE should be a good defensive pick for dividend investors who are concerned about the next market correction. If you have some cash to put to work, these two stocks deserve to be on your buy list today for a TFSA or RRSP portfolio.

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aswalker