



The Smartest Stock to Buy With \$500 Right Now

Description

If you plan on deploying \$500 in new investment capital by buying some **TSX** stocks in a retirement-focused portfolio right now, one of the smartest stocks you can buy today may surprise you. It's not a TSX tech stock; neither does it have anything to do with cryptocurrencies or the electric vehicle (EV) market. It's actually a major player in a centuries-old global agriculture value chain.

Let me explain.

Nutrien stock: A long-term play with stable growth potential

Canadian leading fertilizer producer and crop inputs giant **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) is one commodity-related stock I'd buy with new money in June. The company offers potash, nitrogen, phosphate, and sulphate products to a growing global agricultural market that has seen crop prices firm in 2021.

With over 2,000 retail outlets distributing crop nutrients, crop protection products, seeds, and merchandise in the United States, Canada, South America, and Australia, the company is a low-cost producer and an industry leader that is well placed to book growing revenues and profitability growth, as global demand for agricultural inputs grows with a growing global population. The company is almost guaranteed a market, even during a tough economic environment. People and animals always need to eat, and farmers will keep producing more food.

Most noteworthy, global soybean, wheat, corn, and cotton prices soared by as high as 89% in 2021. Rising farm margins could propel a demand surge for farm inputs this year. Actually, fertilizer markets have reportedly rebounded from a COVID-19-induced dip to provide Nutrien with significant earnings upside potential this year. But this is not the best part for this smart stock to buy for long-term returns.

Latest developments to push Nutrien stock higher

Although recent news about a [potential deal with BHP](#) seems speculative, geopolitical winds have

blown so much in Nutrien stock's favour lately. The company revealed on Monday that it is boosting its 2021 potash output by a further 500,000 tonnes after sanctions were imposed on Belarus by the European Union. Sanctions on Belarus include an E.U. ban on potash imports from a country whose state-owned Belaruskali ranks among the world's largest potash producers.

The latest import ban on a big competitor's product has suddenly increased Nutrien's global potash market share this year. The company had recently increased potash production by another 500,000 tonnes earlier in June, and potash sales should print record volumes this year on the back of rising demand and higher prices.

Most noteworthy, despite a Belarus sanctions revenue boost, NTS has been making significant strides to increase its total market share. The company's strategy to acquire new U.S. retail outlets every year has grown its market share by 1% every year from 15% in 2015 to over 21% last year. Management's objective to reach a 25% U.S. retail market share beyond 2023 is well within reach.

Watch out for double-digit revenue and earnings growth by 2022

Analysts forecast a strong 2021 and an even stronger 2022 revenue and earnings growth for the company. Revenue is expected to grow by over 16% in 2021 to a record \$23.4 billion, before printing another record near \$24 billion for 2022.

The company is successfully perfecting its low-cost production strategy. According to TIKR terminal data, NTR's gross margins are expected to continue expanding to over 29% by 2022, up from just 22.5% in 2017. Normalized earnings could surge by 92% this year. Free cash flow could reach a new record of \$2.6 billion for this year. If obtaining business conditions persist, then Nutrien stock price could sustain a respectable multi-year growth trajectory, earning long-term investors a sizeable return.

Despite a 23% year-to-date gain, NTR's stock is still fairly valued with a next-12-month (NTM) enterprise value to EBITDA multiple of 9.16. Investors were once prepared to pay a higher 11.66 multiple on the company's forward EBITDA in 2018.

As a holding bonus, investors in Nutrien stock are rewarded with a well-covered quarterly dividend yielding 3% annually. Management is committed to increasing the dividend every year.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/07/19

Date Created

2021/06/23

Author

brianparadza

default watermark

default watermark