



## 1 Top Canadian Stock to Buy Now and Own for Decades

### Description

Canadian investors are searching for top stocks to put in their self-directed [RRSP](#) portfolios. Let's take a look at **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) to see why it might be a good pick right now for a retirement fund.

### Fertilizer industry

Nutrien is the world's largest producer of potash. The company also supplies global farmers with nitrogen and phosphate through its wholesale operations. On the retail side, Nutrien sells seed and crop protection products.

Crop nutrients are commodities and the market for the products goes through cycles. Nutrien was actually formed in 2018 through the merger of [Agrium and Potash Corp](#) as a result of a prolonged slump in the industry. Prices have firmed up in the past couple of years, and Nutrien is now positioned well to benefit from the next upswing in the market.

The company has world-class facilities that are capable of ramping up output, as fertilizer demand rises and prices continue to move higher. Nutrien already increased its potash production guidance by one million tonnes for the second half of 2021 due to improved market conditions.

Strong crop prices are putting more money in the pockets of farmers, and this is leading to more acreage being planted and additional demand for fertilizer to boost yields. The long-term outlook for Nutrien should also be positive. The world population is expected to increase by 25% in the next 30 years. That means farmers will need to produce significantly more food while urban sprawl reduces that amount of arable land.

### Earnings

Nutrien reported solid [Q2 2021 results](#) that show the momentum that is building in the fertilizer sector.

The company generated record adjusted EBITDA of US\$3 billion in the first half of 2021 and free cash flow of US\$1.9 billion. That's 36% and 40%, respectively, higher than the first half of 2020. It's also 17% and 12% better than 2019.

As a result of the strong start to the year and the positive outlook for the back half of 2021, Nutrien raise its full-year adjusted EBITDA guidance by US\$1.5 billion to US\$6.0-6.4 billion and increased its adjusted net earnings guidance to US\$4.60-5.10 per share.

Nutrien is building out a digital retail platform that is growing rapidly, as the company leverages its strong relationship with global growers. Sales on the platform were US\$1.6 billion in the first half of 2021, up nearly 100% compared to the first two quarters of 2020. Nutrien processed nearly 500,000 individual payments to farmers in the first six months of the year.

Potash adjusted EBITDA rose 48% in Q2 2021 compared to the same period last year. Nitrogen and phosphate adjusted EBITDA both increased 45%.

## Growth

Nutrien continues to expand its retail operations through strategic acquisitions. The company recently announced an agreement to purchase Terra Nova, a retail business in Brazil.

## Should you buy Nutrien for your RRSP stock now?

Nutrien's share price moved higher on the Q2 results and currently trades near \$80 per share on the **TSX Index**. The stock is up about 26% on the year, but more gains should be on the way. The market might not fully appreciate how much free cash flow the business can generate as sales volumes and prices increase in the crop nutrient sector.

If you have some RRSP cash to put to work, Nutrien looks attractive today. Investors should see a generous dividend increase for 2022, and it wouldn't be a surprise to see the stock top \$100 by the end of next year.

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