



RRSP Investing: 2 Top Canadian Stocks to Hold for 30 Years

Description

Canadian investors use their RRSP portfolios to build self-directed [retirement](#) savings funds to complement CPP, OAS, and company pensions. The overall **TSX Index** appears overbought right now, but some top RRSP stocks still trade at reasonable prices.

Canadian National Railway

CN ([TSX:CNR](#))([NYSE:CNI](#)) is a key player in the North American rail industry with a unique network of lines that crosses Canada and runs down through the heart of the United States to the Gulf Coast. CN's connections to ports on three coasts is an important competitive advantage.

The company reported solid [Q2 2021](#) results. Adjusted operating income rose 9% compared to the same period last year, supported by a 12% jump in revenue.

CN generated \$1.28 billion in free cash flow in the first half of 2021. Management reaffirmed guidance for the year, targeting adjusted earnings-per-share growth of at least 10%. Free cash flow for the year should be similar to the \$3.2 billion the company generated in 2020.

CN's share price was as high as \$148 this year before the company announced a bid and subsequent agreement to buy **Kansas City Southern**, a smaller American railway, for US\$30 billion plus debt. The stock fell below \$130 on the news and has slowly regained some of the losses. At the time of writing, CN trades near \$136 per share.

Analysts are concerned CN is paying too much for Kansas City Southern and will take on a lot of debt if the deal gets approved. Regulators might also block the deal, causing CN to lose hundreds of millions of dollars that were spent to get the Kansas City Southern board to agree to the potential takeover. These funds, which include covering a break fee on Kansas City Southern's original agreement with **CP Rail**, could have gone to shareholders instead.

Near-term volatility is expected until the situation becomes clear. That said, the stock now looks cheap regardless of the outcome. In the event the deal gets clearance, CN would become a dominant railway

adding strategic lines into Mexico. Otherwise, the company remains a very profitable player in its current position in the North American market.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is benefitting from strong global crop prices. Global farmers are flush with cash and that means more demand for Nutrien's fertilizer, seed, and crop protection products.

Nutrien is the planet's largest supplier of potash. It also produces nitrogen and phosphate. These three commodities are used to boost crop yields. The fertilizer sector is rebounding after a multi-year slump, and Nutrien is reaping the rewards from the increase in demand and higher prices.

Nutrien reported strong Q2 2021 results, and more good news is likely on the way in the coming quarters. The company raised its potash production by a million tonnes for the back half of the year to meet rising demand. Positive market conditions should be favourable for the next few years.

In fact, the outlook over the long haul appears robust for the potash market. Demographic and wealth trends are expected to support rising long-term demand growth for food. That's why global mining giant **BHP** recently announced plans to spend \$7.5 billion to move ahead on a new potash mine in Saskatchewan. It will be approximately six years before the mine is complete and another two before it reaches full production.

Nutrien trades near \$76 per share right now. That's down from \$80 earlier in the month. The stock has great growth potential as commodity prices rise, and the market might be underestimating how much cash the business can generate.

The bottom line for RRSP investors

CN and Nutrien are leaders in their respective industries. The stocks look cheap right now and should perform well over the long haul, making them attractive picks for RRSP investors.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:NTR (Nutrien)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:NTR (Nutrien)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Investing

Date

2025/07/26

Date Created

2021/08/26

Author

aswalker

default watermark

default watermark