2 Top TSX Stocks for RRSP Investors

Description

Canadian savers are searching for top **TSX** stocks to put in their self-directed RRSP portfolios. The overall market looks expensive right now, but some of Canada's best companies still trade at reasonable prices for a buy-and-hold retirement fund.

Nutrien

Nutrien (TSX:NTR)(NYSE:NTR) is a global leader in the production of potash. The company also sells nitrogen and phosphate, as well as seed and crop protection products.

Global demand for crop nutrients is on the rise. Near-term strength is supported by high crop price, while the long-term demand outlook should be robust as the global population is expected to expand by nearly 25% over the next 30 years. Farmers in the United States and abroad are increasing planted acreage to take advantage of high prices. This means more fertilizer sales for Nutrien.

In fact, the company increased its potash production by one million tonnes for the second half of 2021 to meet the demand surge. This led to upward revisions for revenue and earnings for the year. In the Q2 2021 report, Nutrien said the business generated adjusted EBITDA of US$3 billion and free cash flow of US$1.9 billion in the first half of the year.

Full-year adjusted EBITDA is now expected to be at least US$6 billion, or US$4.60 per share.

Nutrien has the flexibility to boost production due to the completion of major capital projects in recent years, giving gives the company a strategic advantage in the market. A competitor, **BHP**, recently announced plans to go ahead with the construction of a new potash mine in Saskatchewan, but it will take at least six years to complete and is going to be expensive.

Nutrien pays a quarterly dividend of US$0.46 per share. Investors should see a generous increase in the distribution for 2022. The stock appears cheap right now near $77 per share, given the positive outlook for the fertilizer market in the coming years.

Canadian Natural Resources

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) is an oil and gas producer with a diverse portfolio of assets that covers the full range of the hydrocarbon spectrum.

The rebound in oil prices along with additional strength in the natural gas market has led to strong performances across CNRL's long life and low decline asset base this year. CNRL continues to use excess cash to strengthen the balances sheet while rewarding shareholders with generous dividends and share buybacks.

The company generated a free cash flow of $1.5 billion in Q2 2021 and is targeting a full-year free cash flow of at least $7.2 billion. CNRL reduced net debt by $3.1 billion in the first half of the year and maintains strong a financial position. The company finished Q2 with $5.6 billion in available liquidity.

CNRL raised the dividend by 11% earlier this year and investors could see an even larger hike in 2022 with energy prices holding current prices or moving higher. The company has the financial clout to do big deals and isn't afraid to make strategic acquisitions to boost growth.

The stock appears undervalued at the current price near $43 per share. Investors who buy at this level can pick up a 4.3% dividend yield.

The bottom line on RRSP investing

Nutrien and CNRL are leaders in their respective industries and pay attractive dividends that should continue to grow. If you have some cash to put to work inside your self-directed RRSP, these stocks look attractive today for a buy-and-hold retirement portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:NTR (Nutrien)
3. TSX:CNQ (Canadian Natural Resources Limited)
4. TSX:NTR (Nutrien)

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