



2 Top Canadian Commodities Stocks to Grab At the Bottom of This Cycle

Description

Commodities are a fickle asset class to trade. Indeed, picking the right commodities stocks, at the right time, barring any sort of economic shock is a difficult task.

The cycles commodities tend to go on typically provide investors with long boom-bust cycles. However, sometimes — as we've seen this year — these cycles can be rather short.

For those who believe commodities may be forming a bottom, Canada happens to have some great commodities stocks to consider. Near the top of my list are these two gems.

Top commodities stocks: Nutrien

We all need to eat. Indeed, the agricultural component of most economies is often ignored by investors and economists for that matter. (Non-farm payrolls, anyone?)

Companies like **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) provide agricultural inputs that are absolutely necessary. I mean that in the truest sense: they're necessary for humanity.

As the world's largest potash supplier, Nutrien provides a range of minerals farmers need to produce optimal crops. With demand for crop nutrients rising drastically, Nutrien stands to benefit from a very long-term growth trajectory over time.

However, supply has been the main concern for investors in Nutrien in recent years. This has been a relatively over-supplied market, with a tremendous amount of fertilizer coming out of emerging markets such as Kazakhstan at low prices.

That said, Nutrien has among the lowest-cost production in the market. Accordingly, this company's margins are sky-high compared to its peers. Additionally, due to the company's merger with Agrium, Nutrien has a network of retail stores juicing the margins further. This has allowed the company to pay a [healthy yield](#) for a very long time. I expect this to continue and view Nutrien as one of the safest commodities stocks in the market right now.

West Fraser Timber

One of the largest lumber players in Canada, **West Fraser Timber** ([TSX:WFG](#)) has certainly benefited from rising commodities prices of late. Those who have watched lumber prices soar this year know what I mean.

However, since lumber prices fell back to earth in recent weeks, West Fraser's stock price hasn't. In fact, this stock remains within spitting distance of its [all-time high](#).

What gives?

Well, West Fraser has done a good job of consolidating supply in the core markets it operates in. This allows for greater margins than peers operating in other markets. That's bullish for investors.

Indeed, this strategy has translated well to its bottom line. Juiced by higher commodities prices, the Vancouver-based forestry company harvested \$2.1 billion in adjusted EBITDA this past quarter. That's 100% more than the same quarter last year. Additionally, that's one-fifth of the company's existing valuation.

Accordingly, many investors still think this stock is cheap, even given where lumber prices are today. Sure, lumber prices could continue to fall. However, that appears to be one risk that investors are willing to take right now.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)
3. TSX:WFG (West Fraser Timber Co. Ltd.)

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. arosenberg
2. chrismacdonald

Category

1. Investing

Date

2025/08/25

Date Created

2021/09/11

Author

chrismacdonald

default watermark

default watermark