



RRSP Investors: 1 Top TSX Stock to Buy Now for 2022

Description

RRSP investors who use their [online brokerage](#) accounts to invest for retirement are starting to search for top **TSX** stocks that could deliver big returns for their self-directed portfolios in 2022 and beyond.

Let's take a look at **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) to see why it deserves to be on your RRSP radar today.

Nutrien earnings

Nutrien currently trades near its 12-month high, and more gains for the fertilizer giant should be on the way.

The company reported strong results for the first half of 2021 and provided positive guidance for investors for the remainder of the year. Nutrien generated record adjusted EBITDA of US\$3 billion for the front half of 2021, representing a 36% increase over the same period last year. Free cash flow came in at US\$1.9 billion, up 40% from the first half of 2020.

Nutrien cited its unique position in the market as both a major wholesale provider of potash, nitrogen and phosphate, as well as being a leading retailer of seed and crop protection products.

Nutrien has the flexibility to ramp up production to meet growing potash demand thanks to the completion of major capital projects before Agrium and PotashCorp merged in early 2018 to create Nutrien.

When commodity producers can boost output to take advantage of higher prices without spending much more money, profits can surge. That's the situation Nutrien is in right now and the upswing in the global crop nutrients market might be just the beginning.

Growth

Nutrien is focused on building its retail business through acquisitions. The company announced a deal in the summer to buy Terra Nova, a retail business in Brazil. This follows a series of deals the company has made in the United States and other markets.

Nutrien is leveraging its relationships with growers to expand its retail revenues. The company's digital platform processed nearly 500,000 individual grower payments with sales of about US\$1.6 billion in the first half of 2021. That's nearly double the volume from the same period last year.

As the global retail agriculture sector continues to consolidate, Nutrien should be a major buyer and continue to build its leading position in key markets.

Outlook

High crop prices are expected to remain in place for 2022, putting more money in the pockets of farmers who will buy more crop nutrients to improve yields on existing fields and expand production on new acreage.

The long-term outlook is also bright. Estimates suggest the world population will grow from roughly 7.8 billion people today to 10 billion by 2050. At the same time, urban sprawl will eat up valuable farmland. This means farmers will need to produce more food on less property. One way to get better yields is to add more crop nutrients.

Dividends

Nutrien raised its dividend by 15% over the past three years. More gains should be on the way, supported by record 2021 results and positive projections for 2022 and beyond.

At the time of writing, the stock trades near \$82 per share on the TSX and provides a 2.8% dividend yield.

The bottom line for RRSP investors

Nutrien is up 30% in 2021, but the stock still looks cheap. This company has the potential to be a free cash flow machine as sales volumes and commodity prices rise. If you have some cash to put to work inside a self-directed RRSP, Nutrien deserves to be on your buy list today.

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