RRSP Investors: 2 Top Recovery Stocks to Buy Now for 2022

Description

Canadian savers with some cash to put to work inside their RRSP portfolios are trying to decide which stocks will lead the charge in 2022. Let's take a look at two top TSX stocks in the commodities sector that might be good to buy for a retirement fund today.

Nutrien

Nutrien (TSX:NTR)(NYSE:NTR) is up 33% in 2021, but the good times for shareholders could be just beginning. The company is a leading producer of potash, nitrogen, and phosphate. These crop nutrients are used by farmers around the globe to boost yields on their fields.

Crop prices rallied in the past year, providing growers with extra cash. The ongoing strength in the crop markets should result in extra acreage being planted and more purchases of the crop nutrients.

In addition, Nutrien's retail division sells seed and crop protection products. The customer base includes roughly a half-million growers. Nutrien's strong retail relationship with its clients gives it an edge when it has new products to offer. For example, Nutrien's digital solutions platform is growing rapidly as farmers look for ways to drive more efficiency in their operations.

Nutrien raised its potash production by one million tonnes for the second half of 2021. As a result, the Q3 and Q4 results will be better than guidance provided at the beginning of the year. Rising prices and higher sales volumes could continue for some time and that bodes well for Nutrien and its investors.

The board raised the dividend by 15% over the past three years. A generous increase is likely on the way for 2022.

The long-term outlook should also be positive for Nutrien. Population estimates suggest the world will have another two billion people by 2050. This means farmers will need to produce 25% more food, as arable land is continually reduced due to urban expansion.

Nutrien has the potential to be a cash machine as fertilizer prices increase. The current stock price might not fully reflect the earnings upside over the next couple of years.

Suncor

Suncor (TSX:SU)(NYSE:SU) has trailed its oil sands peers this year, but the stock could catch up in 2022. WTI oil currently sells for US$75 per barrel. At this price, Suncor's oil production operations are very profitable. The price of oil has more than doubled from October last year and is about 20% higher than it was at the beginning of 2020 before reports of the COVID-19 outbreak began to emerge.

Suncor trades around $26 at the time of writing compared to $44 before the pandemic. Some of the discount can be attributed to short-term operational challenges at two production sites and the impact of lower fuel demand on the downstream businesses, but the gap still appears too large.

Investors might be upset that Suncor slashed its dividend by 55% last year and hasn't started raising the payout again despite the strong 2021 cash flow. Other oil sands producers hiked dividends by double-digit amounts this year. Suncor has decided to use extra cash to reduce debt and buy back shares in 2021. Investors could see a big dividend increase in 2022. If that happens, the stock should soar.

Suncor looks oversold right now, and investors can still pick up a decent 3% dividend yield.

The bottom line for RRSP investing

Nutrien and Suncor are leaders in their respective industries and should perform well in 2022. If you have some cash to invest inside a self-directed RRSP online brokerage account, these stocks deserve to be on your radar today.

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