



Why Nutrien Stock Remains a Top Buy This Fall

Description

As far as outperforming stocks go this year, **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) has really made an impression on the market. Indeed, Nutrien stock is [up approximately 60%](#) year to date, one of the [best-performing](#) commodities plays out there.

Of course, this inflationary environment has been favourable for commodities-oriented stocks like Nutrien. Indeed, the fact that Nutrien stock has more than doubled since pandemic lows suggests just how far this stock had previously fallen.

Of course, given Nutrien's rise of late, one might think now may be the time to take some profit off the table. Here's why I think that might be a bad idea, given the secular catalysts that could take Nutrien stock even higher this fall.

Favourable commodities environment bullish for Nutrien stock

Again, with Nutrien stock, it's important to emphasize how commodity prices are likely to perform. Indeed, as a producer of potash and other minerals used in fertilizer development, Nutrien is uniquely tethered to commodities prices. In this inflationary environment, there's a macro argument to be made to own the sector.

However, I view Nutrien as the best in its class right now. The company is well positioned in the potash sector to deliver very strong numbers. Reduced inventories and lower production coming out of the pandemic have provided strong pricing catalysts for the coming quarters.

Analysts agree. And with the expectation that demand will remain robust for everything from food to farm products, Nutrien finds itself in a sweet spot in the market other companies envy right now.

Nutrien's production is set to receive a boost

In this environment, Nutrien would be remiss to not raise its production levels. The company plans on

doing just that.

Indeed, production is one of the only levers Nutrien can pull to enhance its earnings. Accordingly, the Saskatoon-based company is enhancing its manufacturing process by optimizing its mines. A partnership with **BHP-Billiton** is just one example of this. By leveraging its mines (and those of other companies), Nutrien can capture more of the market and take advantage of these higher prices.

Accordingly, there are expectations that Nutrien may eventually consolidate this sector further. Right now, I think Nutrien just needs to sit pretty where it is. This is a company in a very enviable position and is one I expect to produce bumper results in the coming quarters.

Bottom line

There appears to be a tonne of the upside on the horizon for Nutrien, considering where fertilizer prices are right now. Furthermore, the possible collaboration with BHP is something that investors need to take into account.

Accordingly, investors looking for a top-notch pick right now may want to consider Nutrien stock.

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