



## 2 Top TSX Commodity Stocks for RRSP Investors to Buy in November

### Description

Commodity stocks have enjoyed a solid recovery in 2021, and the party might get even better in 2022. Let's take a look at two industry leaders to see why they might be top picks right now for [RRSP](#) investors.

### Nutrien

**Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) reported record Q3 earnings and raised its full-year 2021 adjusted earnings guidance. The company now expects to generate adjusted EBITDA of US\$6.9 to \$7.1 billion compared to previous expectations of US\$6 to \$6.4 billion. Adjusted net earnings should be US\$5.85 to \$6.10 per share compared to US\$4.60 to \$5.10.

Strong crop prices in 2020 carried through to 2021, providing farmers with extra cash to spend on fertilizer, as they increase planted acreage to take advantage of the positive market conditions.

Nutrien is a global leader in the production of potash and is a major producer of nitrogen and phosphate. These crop nutrients help growers get better yields from their land. The company also has a large retail division that supplies seed and crop-protection products.

Nutrien expects farmers to maximize planted acreage and yields in 2022, setting the business up for another strong year. Corn and soybean margins in the United States are expected to be above the 10-year average.

At the same time, potash prices are moving higher in all of Nutrien's key spot markets. Tight supplies led to Nutrien's decision to boost output by one million tonnes in the second half of 2021. A combination of flooded potash mines, international sanctions, and delayed potash projects at competitor operations helped as well.

On the nitrogen side, soaring natural gas prices in international markets have led to reduced production. In China, the government has forced domestic producers to halt exports through the first half of next year.

All this points to a solid 2022 for Nutrien and its investors. The company will likely give shareholders a generous dividend increase next year, and the stock should move higher.

Nutrien trades near \$85.50 per share on the TSX at the time of writing. It wouldn't be a surprise to see the stock hit \$100 in 2022.

## Canadian Natural Resources

**Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) is Canada's largest oil and gas company with a [market capitalization](#) of \$64 billion.

The company operates a diversified portfolio of oil and gas assets that includes oil sands, heavy oil, light oil, offshore oil, natural gas and gas liquids. CNRL tends to own 100% of its sites, rather than partnering with other companies. The strategy adds risk on large projects, but also provides CNRL with the flexibility to shift capital quickly to take advantage of changing market prices.

WTI oil soared from US\$36 per barrel at the end of October last year to the current price above US\$80. Natural gas has also hit multi-year highs. Analysts broadly expect prices to remain elevated through at least the first half of next year on tight supplies. Some pundits see WTI oil hitting US\$100 in 2022 or 2023.

Natural gas is in short supply around the world. The power crisis in Europe and other regions will likely trigger a wave of new investment in natural gas storage and provide strong future demand for liquified natural gas (LNG). CNRL owns vast land positions in key natural gas basins, including northeastern British Columbia. The opportunity is attractive for exporting the gas via LNG facilities on the B.C. coast.

CNRL is buying back stock and paying down debt with the excess cash it is generating. The board raised the dividend by 11% in 2021 and just announced a 25% increase for 2022.

The stock sits near its 2021 high of \$55 per share but still looks cheap. CNRL only trades at 11 times trailing 12-month earnings and should be a profit machine next year.

## The bottom line on top commodity stocks to buy now

Nutrien and CNRL are industry leaders that should deliver robust profits and strong dividend growth in the next few years. If you have some cash to put to work in your RRSP, these top commodity stocks deserve to be on your buy list.

### CATEGORY

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aswalker

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