



2 Top Commodity Stocks to Buy Now for the 2022 Global Economic Recovery

Description

Investors are searching for top stocks that could deliver big gains next year, as the global economic rebound moves into the next phase.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is a global leader in the production of potash, nitrogen, and phosphate with a [market capitalization](#) of \$49 billion. These fertilizers are used by farmers around the globe to boost yields. The sector went through some rough years, as supply outstripped demand and prices plunged, but a recovery is well underway.

Through the pandemic, surging prices for a wide variety of crops have boosted fertilizer demand from farmers who are using the extra profits to plant more land and splurge on additional crop nutrients to increase yields.

Nutrien also has a retail division that supplies growers with seed and crop protection products. The group continues to expand through acquisitions and provides a good revenue hedge when commodity prices hit a rough patch.

Nutrien reported record Q3 2021 results, and 2022 is shaping up to be another strong year. The company increased potash production by one million tonnes in the second half of 2021 to meet rising demand. Nutrien is also benefitting from operational issues at competitor locations. Flooding, sanctions, and delayed construction of new mines have hindered other producers.

Nutrien is in a sweet spot in the sector. The company has excess potash production capacity it can tap to meet demand growth without making heavy investments. Agrium and Potash Corp completed major capital programs before they merged to create Nutrien in 2018.

Investors could see a big dividend increase in 2022 supported by strong free cash flow. The existing payout provides a yield of 2.65% at the current share price of \$86.25. It wouldn't be a surprise to see the stock hit \$100 by the end of next year.

Teck Resources

Teck Resources ([TSX:TECK.B](#))([NYSE:TECK](#)) produces metallurgical coal used to make steel, copper, and zinc. It is also a partner on the Fort Hills oil sands facility.

Coal, copper, zinc, and oil price surges in the past 18 months and strong demand are expected to keep the market elevated through 2022 and beyond. Steel demand should get even stronger, as the United States and other countries unleash large infrastructure spending.

At the same time, copper demand should be in a multi-year growth phase. The metal is a key component in the manufacturing of solar panels, wind turbines, and electric vehicles. Teck is completing construction of a new copper mine that should start production in the second half of 2022.

Teck reported adjusted Q3 2021 EBITDA of \$2.1 billion. That was more than triple the results for Q3 2020. Adjusted profit came in at \$1.0 billion — seven times higher than the same period last year.

Teck is considering the potential sale of its coal business, as it shifts more focus to copper. If that occurs at a premium price, the move could drive Teck's stock price much higher.

The bottom line on top commodity stocks

Nutrien and Teck Resources are leaders in their respective industries. The companies are generating strong profits at current commodity prices and should benefit from the ongoing global economic recovery in the next few years.

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2. NYSE:TECK (Teck Resources Limited)
3. TSX:NTR (Nutrien)
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