



RRSP Investors: 2 Stocks to Buy Now and Own for 15 Years

Description

Canadian savers are searching for top stocks to put in their self-directed [RRSP](#) portfolios.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is the planet's largest supplier of potash and a key provider of nitrogen and phosphate. Farmers around the globe use these products as fertilizer to improve their crop yields.

A surge in crop prices in 2020 and 2021 spilled over into the fertilizer market, as growers used excess profits to plant additional acreage and spend more on crop nutrients. The strong momentum looks set to continue in 2022.

Nutrien is in a sweet spot in the potash industry. The company has excess capacity it can leverage at very low additional costs. In fact, the company raised potash production by one million tonnes in the second half of 2021 to meet strong demand. Nutrien still has an additional four million tonnes of capacity it can tap going forward.

Major competitors don't have that flexibility. They are with battling with sanctions, flooded mines, or delayed expansion projects. The situation isn't likely to change quickly. It takes several years to build a new potash mine and get it into commercial operation. Nutrien estimates the industry might need to add eight million metric tonnes of new potash supply to meet global demand by 2030 based on historical growth rates.

Nutrien's retail business has more than 2,000 outlets that sell seed and crop protection products to more than half-a-million farmers. The group has been on a buying spree, as the sector consolidates. Nutrien is also investing in digital solutions to boost revenue and leverage its existing relationship with global farmers. The agriculture sector is on the cusp of significant digital disruption and Nutrien is a leader in the segment.

Nutrien raised the dividend by 2% in 2021. A larger increase could be on the way in 2022, supported

by rising crop nutrient prices and higher profits. Nutrien generated record adjusted EBITDA and of US\$4.7 billion and free cash flow of US\$2.8 billion in the first nine months of 2021.

Royal Bank of Canada

Royal Bank ([TSX:RY](#))([NYSE:RY](#)) avoided the wave of loan losses that many pundits feared would occur during the pandemic. The banks aren't completely out of the woods, but the recent lifting of the ban on dividend increases imposed by the Canadian government suggests the largest threats have passed.

Royal Bank reported strong fiscal Q3 2021 results, and the fiscal Q4 numbers should also be solid. The Canadian housing market remains strong with prices continuing to move higher. That trend will likely slow down when the Bank of Canada begins raising interest rates next year, but tight supplies should provide ongoing support.

Royal Bank and its peers tend to see their profits increase in an environment of rising interest rates due to better net interest margins on loans and improved returns on cash the bank has to set aside to cover deposits.

Royal Bank is sitting on extra cash right now and will likely give investors a large dividend increase when it reports fiscal Q4 2021 results.

The stock has delivered strong total returns for decades and still deserves to be a core holding in a retirement portfolio.

The bottom line on top stocks to buy for your RRSP

Nutrien and Royal Bank are top TSX stocks with leadership positions in their respective industries. If you have some cash to put to work in a self-directed RRSP, these stocks deserve to be on your radar.

CATEGORY

1. Investing

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2. NYSE:RY (Royal Bank of Canada)
3. TSX:NTR (Nutrien)
4. TSX:RY (Royal Bank of Canada)

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