



1 Soaring TSX Stock to Buy Now for 2022

Description

Momentum investors are searching for top TSX stocks to buy now that are hitting new 12-month highs and could continue to rally in 2022.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is up more than 50% in 2021 and has gained 9% in the past month alone, but the stock still appears undervalued.

The company is enjoying the benefits of a rebound in potash, nitrogen, and phosphate prices after a multi-year slump that resulted in the merger of Potash Corp and Agrium in early 2018 to create Nutrien.

Potash spot prices are now at levels not seen in more than a decade, and analysts expect strong demand and tight market conditions to extend the rally next year.

Nutrien is the world's largest producer of potash. Farmers use the crop nutrient to boost yields. It is important for key crops such as corn and soybeans, as it improves growth and helps the plants resist disease. In the years leading up to the merger Agrium and Potash Corp completed major capital programs that set Nutrien up with world-class facilities that have capacity to add extra production. This is unique in the industry right now, and Nutrien is taking advantage of the market conditions. The company raised potash production by one million tonnes in the second half of 2021.

Sanctions put in place by the United States against Belarus Potash Company (BPC), a major Nutrien competitor, and operational challenges at another have left Nutrien in a strong position.

Large potash buyers, including China and India, are working through stockpiles and will drive strong potash demand growth in 2022.

Growers in the U.S. and Brazil are planting more acreage to take advantage of high prices for crops. This should boost demand even more in the next year. Nutrien could pick up a good chunk of the sales that BPC loses if the sanctions remain in place through 2022.

Nutrien earnings

Nutrien generated record earnings in Q3 2021 and for the first nine months of the year.

Management raised full-year 2021 adjusted EBITDA guidance to US\$6.9 to US\$7.1 billion from US\$6.0 billion to US\$6.4 billion. Adjusted net earnings are now expected to be US\$5.85 to US\$6.10 per share compared to earlier expectations of US\$4.60 to US\$5.10.

Dividends

Nutrien is set to deliver strong Q4 and full-year 2021 results and will likely provide robust guidance for 2022. A large dividend increase could be on the way along with an extension of the aggressive share buyback program. Nutrien repurchased 2.4 million shares in Q3 2021. The current dividend provides a yield of 2.4%.

Should you buy Nutrien stock today?

This company is a cash machine right now, and investors might not fully appreciate how much money it can make as strong market conditions extend into 2022 and possibly 2023. In the Q3 report, the CEO said the company expects the momentum to continue and anticipates the business will generate significant free cash flow next year.

Nutrien trades near \$96 per share at the time of writing. It wouldn't be a surprise to see the stock hit \$120 in the coming 12 months.

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