



Nutrien Stock Could Soar on This Key Catalyst

Description

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is the world's biggest potash provider and a major supplier of phosphate and nitrogen. To benefit from increasing crop prices, farmers are planting more land. This further leads to high demand for crop nutrients and Nutrien's seed and products for crop protection. This has boosted [Nutrien](#) stock accordingly.

Quite a bit is going on with this crop nutrient company lately, and there appears to be a key catalyst that investors interested in this stock must look into.

Let's take a look at why Nutrien could be a [value stock](#) that many investors aren't looking at right now.

Nutrien: A potential takeover target for BHP Group

Any company that's a potential takeover target is likely to gain some interest among investors. However, for those looking at Nutrien stock, there hasn't been a lot of news flow on this company. That is, until recently.

Following a strange CEO change recently, various reports highlighted Nutrien as a potential takeover target for **BHP Billiton**. The surprising exit of Mayo Schmidt after only eight months on the job implies the organization is struggling to figure out what it wants to do. Thus, in the midst of this chaos, some experts are pointing to continued consolidation in this sector as a potential catalyst for Nutrien stock.

Right now, the discussion on this front appears to be mostly speculation. Sometimes, where there's smoke, there's fire. However, it's probably too soon to tell if anything will come of takeover talks.

That said, any time a company like BHP shows interest in acquiring another major player in a sector, there's a strong valuation argument that can be made for said takeover target most of the time.

Bottom line on Nutrien stock

Recent management changes at Nutrien have caused some investor concerns around Nutrien stock. Indeed, this commodities player has been rather volatile for the otherwise bullish backdrop for fertilizer prices of late.

I'm of the view that these C-suite changes don't change much for Nutrien's outlook. However, the potential for Nutrien to be acquired at least signals that there's something to the value argument with this stock. As commodity prices remain strong, I anticipate Nutrien stock should outperform based on fundamentals. For those with a long-term investing time horizon looking to make high-conviction bets, that's a good thing.

Ultimately, whether Nutrien gets acquired or not, this is a stock I'm looking at. Right now, Nutrien is near the top of my buy list. I haven't pulled the trigger yet. However, I'm starting to like how Nutrien stock looks right now relative to its peers.

CATEGORY

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