



2 Commodities Stocks to Hold if Oil Prices Fall

Description

Oil is the most in-demand commodity in 2022 following a catastrophic collapse in 2020. Because of the sector's remarkable rebound due to rising crude prices, energy stocks delivered outsized returns last year. As of February 16, 2022, the [energy sector](#) is up 23.23% and still surging.

Except for the materials, financial, and communications services sectors, the seven other primary sectors are in negative territory. The ascent of oil prices seems so unstoppable that reaching US\$100 per barrel is almost sure. **RBC** Capital Markets' analysts say a crash in demand is the only thing that could reverse the price climb.

Energy stocks are hot buys today, although commodities in general could be the best asset class this year. Thus, [undervalued](#) stocks **Nutrien Ltd.** ([TSX:NTR](#))([NYSE:NTR](#)) and **Verde Agritech** ([TSX:NPK](#)) from the agriculture sector could also deliver [superior returns](#).

Integrated agri-business

Nutrien is a leading provider of crop inputs and services. The \$54.38 billion company from Saskatoon offers potash, nitrogen, phosphate, and sulfate products. It's also a distributor of crop nutrients, crop protection products, seeds, and merchandise products.

The top-tier agriculture stock rewarded investors with a 59.9% total return last year. NTR trades at \$95.28 per share and pays a decent 2.42% dividend. In 2021, sales climbed 33% versus 2020. The year's highlight was the net earnings of US\$3.17 billion, a 593% year-over-year increase. Free cash flow grew 135% compared to the previous year.

Interim President and CEO Ken Seitz, said, "The advantages of Nutrien's integrated business were demonstrated in 2021 as we delivered record financial results and made significant progress on our long-term strategic targets." He adds the company utilized the scale and reliability of its world-class supply chain.

Seitz said the outlook for global agriculture and crop input markets is very strong. Nutrien is well-

positioned to deliver significant growth in earnings and free cash flow in 2022. Management promises to continue advancing its strategic priorities while maintaining a disciplined approach to deploying capital. The objective is to grow the business and return significant cash to shareholders.

Exponential growth expansion

Verde Agritech was a high-flyer in 2020, given its 237.3% overall return. At \$6.27 per share, current investors are up 123.9% year-to-date. Based on market analysts' buy rating and 12-month average price target of \$12.39, the potential upside is 97.6%.

The \$339.75 million agri-tech company explores and develops mineral properties in Brazil. Its top product is a fertilizer and soil conditioner called *Super Greensand*. Verde has a 100% interest stake in the Cerrado Verde project, the source of potassium silicate rock, a glauconitic siltstone material.

In the nine months ended September 30, 2021, Verde's revenue and net profit increased 169% and 192% versus the same period in 2020. According to its founder and CEO, Cristiano Veloso, the company will endeavor to maintain an exponential growth expansion for the foreseeable future. Management will present Verde's Q4 and full-year 2021 results on March 29, 2022.

Stable investments

Oil will keep surging as long as demand outstrips supply. However, the Energy Information Administration (EIA) predicts the average oil price to fall to US\$75 and US\$68 per barrel in 2022 and 2023, respectively. Nutrien and Verde Agritech are stable investments in lieu of energy stocks.

CATEGORY

1. Dividend Stocks
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