



Nutrien: A Value Stock to Load Up on Amid Rising Inflation

Description

Inflation is a big deal. We're now seeing inflation at its highest level in four decades, spurring concerns around interest rates. For many investors, this means shifting one's focus away from finding the best growth stock in the market to the best [value](#) stock. On the TSX, **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) remains a top pick of mine in this regard.

Nutrien focuses on producing a range of agricultural inputs such as phosphate, potash, sulphate, and nitrogen products. That said, this company has extended its reach into various retail, financial, and technology products tied to the agricultural space. Accordingly, I view Nutrien as a defensive growth stock, with the valuation of what many would call a value stock ([18 times earnings](#) is more than reasonable for a company with this existing profile).

Let's dive into why Nutrien could be a top value stock to consider right now.

Positive fundamentals make Nutrien a value stock to consider

One of the key reasons I like Nutrien's value proposition is the company's fundamentals. From a business model standpoint, there's not a lot that's necessarily attractive about fertilizer and agricultural inputs. That said, this sector is extremely stable, supported by strong long-term growth trends.

Nutrien is among the world's largest producers of agricultural inputs such as potash. With prices for these goods rising incredibly of late due to inflation concerns, Nutrien stock has turned out to be an excellent inflation hedge.

Over the long term, I expect this company's fundamentals will continue to reflect broader global economic and population growth metrics. Accordingly, those looking for a reasonable defensive long-term hold have a great option in Nutrien right now.

Inflation hedges are hard to come by

I think it's worth harping on the inflation hedge aspect of Nutrien's business model for a second. Rising inflation generally hurts most companies selling products, as their input costs rise. For producers of those inputs, rising prices can be a very good thing.

The commodities sector is one that's vastly underperformed the market for most of the past decade. There's been little reprieve for investors who have stayed steadfast with Nutrien. However, the tides are turning, as investors look for inflation hedges.

As far as commodity producers go, Nutrien remains a top value stock I think is worth a buy right now.

Bottom line

A company's valuation isn't everything. However, in the context of the macro environment, I think Nutrien's valuation of 18 times earnings is dirt cheap, for the portfolio protection this stock provides.

Those looking for defensiveness and near-term portfolio stability may want to consider adding some commodities exposure right now. In this sector, Nutrien is a great option to consider.

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