



Why Nutrien Stock Has Jumped 17% Over the Last Week

Description

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is a Saskatoon-based company that provides crop inputs and services. Shares of Nutrien were up 4% in mid-morning trading on March 2. Today, I want to explore what is behind this [recent bump](#).

Here's why Nutrien stock has popped over the past week

Russia launched a [large-scale invasion](#) of Ukraine on February 24, 2022. This spurred NATO allies to impose an avalanche of economic sanctions. There has been significant focus on the oil and gas sector — particularly how the severing of the Russian gas supply could impact central Europe. However, the global agricultural sector has also been significantly impacted.

Ukraine has often been referenced as the “breadbasket of Europe.” Indeed, both Ukraine and Russia are major global suppliers of agricultural commodities like wheat. Wheat futures have spiked to a 14-year high in response to the conflict.

Nutrien is the largest fertilizer producer on the planet. Some experts expect that Russia's invasion and occupation of Ukraine may result in a disruption in the global supply of potash and nitrogen crop nutrients. This has sparked a run to Nutrien.

It is important to note that Russian fertilizer companies have not yet been targeted by Western sanctions. Food security is already a major concern in the West due to surging inflation. That may dissuade NATO allies from pulling the trigger on any potential sanctions. However, that will not stop the run to Nutrien and other potash producers.

How has Nutrien performed over the past year?

Nutrien stock has shot up 60% year over year at the time of this writing. The company released its fourth-quarter and full-year 2021 results on February 16.

Back in late 2021, I'd [suggested](#) that investors target this top TSX stock. Indeed, the company put together a very strong performance this past year. In Q4 2021, Nutrien delivered sales growth of 79% to \$7.26 billion. Meanwhile, adjusted net earnings per share soared over 900% to \$2.47. Adjusted EBITDA also jumped over 220% to \$2.46 billion.

For the full year, the company posted sales of \$27.7 billion — up 33% from 2020. Moreover, net earnings climbed 593% to \$3.17 billion and adjusted EBITDA hit a record \$7.12 billion — up 94% from the previous year. Meanwhile, free cash flow increased 135% to \$4.30 billion.

What should investors do today?

It is impossible to predict the trajectory of the Russia-Ukraine conflict at this stage. Russia has encircled major Ukrainian cities, including the capital Kyiv. However, a military victory will do little to reduce tensions between Russia and NATO allies. Indeed, that acrimony could worsen as Finland and Sweden rush to join the alliance.

In this environment, investors should feel good about Nutrien's future. Its prospects for 2022 already looked strong before this conflict worsened. Shares of Nutrien possess a favourable price-to-earnings ratio of 16. Moreover, it offers a quarterly dividend of \$0.48 per share. That represents a 2.1% yield.

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