



Why Fertilizer Companies Soared on Thursday

Description

Fertilizer companies such as **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) and **Verde Agritech Plc** ([TSX:NPK](#)) soared on Friday due to the ongoing Russia and Ukraine conflict. Nutrien reached another all-time [high](#), while NPK stock climbed 17%, also hitting all-time highs.

What happened?

Nutrien stock and NPK stock beat previous all-time highs, climbing on Thursday from news both will expand potash production. NPK in particular saw immense growth of 17% as of writing, announcing it would expand production in Brazil to meet global fertilizer supply chain woes.

Nutrien stock also announced recently it would expand its production to meet demand. This comes after the Russia-Ukraine conflict and sanctions would affect the low-cost supply of Russian potash. Inventory has suddenly dropped to the lowest ever seen, just as it's needed more than ever, creating a huge demand.

So what?

Nutrien stock and NPK stock were quick to respond. NPK announced it would double capacity, reaching three million tonnes in 2022. Brazil, where the company produces potash, imports about 85% of fertilizer consumption. While the country has stocks to last until October, it plans on expanding to meet [demand](#) and avoid a food shortage.

While Russia is a low-cost, high-volume producer, it still remains the world's second-largest major fertilizer producer. Canada is the largest producer of potash in the world, where Nutrien stock is based. While sanctions haven't hit fertilizer companies yet, many believe it's only a matter of time.

That's why Nutrien stock also announced an increase in supply. Interim Chief Executive Officer Ken Seitz stated he worries farmers could start using less fertilizer if prices rise. The world's largest crop nutrient company stated this could create a volatile market if there aren't producers willing to pick up

the slack.

Now what?

One major problem stands in the way of Nutrien stock in particular from moving forward: a strike. Not with the company, but with **Canadian Pacific Railway**. Workers announced a strike could start on Mar. 16, and Nutrien wants the government to halt it.

Such a stoppage could be a huge problem for the company to ship out production of fertilizer in time for spring planting. This could create a massive food shortage should Russian fertilizer be made unavailable, which is likely — all at a time when food prices have been inflated on a massive scale.

For now, it looks like NPK stock and Nutrien stock will continue to be in demand. Shares of NPK are up 17% as of writing and 634% in the last year. Nutrien stock is up 4% as of writing and 66% in the last year.

CATEGORY

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Date

2025/07/21

Date Created

2022/03/04

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