



## Why Nutrien (TSX:NTR) Stock Could Continue to Soar

### Description

Canadian fertilizer giant stock **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) has been climbing higher since the Russian invasion of Ukraine in late February. The otherwise slow-moving stock has gained 40% since then and 80% in the last 12 months. Interestingly, there could be more upside potential in the stock, despite the recent surge.

### What's next for Nutrien?

Many fertilizer stocks are on the rise after Russia-Ukraine tensions brought in major supply constraints. Nutrien is the biggest global producer of potash, which has seen its price jump beyond US\$800 per tonne — its highest levels in almost 14 years.

Russia is also one of the biggest fertilizer producers across the globe. However, its produce may hit hurdles in the global market after an all-around ire over its attack on Ukraine. So, apart from higher prices, Nutrien will likely see more business turning its way.

Supply woes of potash have been a worry well before Russia's invasion. Belarus has been one of the key producers of potash. However, export concerns and U.S. sanctions disturbed its supply chain and drove the prices higher.

Nutrien is a Saskatchewan-based \$72 billion company that produces 27 million tonnes of potash, nitrogen, and phosphate. Notably, the company has five million tonnes of spare potash production capacity that will be online as global demand grows.

### Strong financial growth

For the full year of 2021, Nutrien [reported](#) a net income of \$3.15 billion, a substantial jump from \$459 million in the year earlier. It could see accelerated financial growth this year, driven by higher potential topline growth. Moreover, as Potash prices continue to soar on increased supply anxieties, NTR stock will likely keep climbing higher.

Nutrien produced a record 13.6 million tonnes of potash in 2021, almost one-third of the global consumption. The current global situation will bring in this production, increasing the sales volume and expanding its margins. Thus, the potential free cash flow growth leaves a possibility for Nutrien for inorganic growth and [dividend hikes](#).

NTR stock has reached its all-time high level of \$130 — a steep gain of 80% since last year. In comparison, TSX stocks at large have gained only 14% in the previous 12 months.

## NTR stock valuation

Interestingly, NTR stock does not look stretched from a [valuation](#) standpoint. It is trading 18 times its earnings at the moment. That's highly discounted relative to its historical average. So, investors can see NTR's stock rally expanding if the macro picture remains supportive.

With the Russian fertilizer supply getting wiped away from the markets, Canadian giant Nutrien seems well placed to fill the void. How fast it ramps up its production and gets converted into the top line remains to be seen. In the short to medium term, as curbs on Russian businesses increase, fertilizer prices will likely go up, helping NTR stock.

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