



Why Nutrien Stock Dropped 10% This Week

Description

It's only Tuesday, and **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) stock is already down 10% from its close on Friday. The clue to the recent drop is likely found in two places: Russia and the company being overvalued.

What happened?

It looks like Russia may have even more to do with Nutrien stock and its price performance lately. There seems to be de-escalation between Russia and the Ukraine, as a deadline approaches for the heads of state to meet. And that could mean poorer [performance](#) for the fertilizer company.

Russia is a solid producer of crop nutrients. True, Nutrien stock is one of the world's largest producers, but with Russia out of the picture thanks to sanctions, it looked like the company would flourish. Now, that future looks a little less certain.

So what?

Honestly, a correction was needed for Nutrien stock regardless of what happened in Russia. The company used to be a safe haven with its involvement with commodities. Farmers need crop nutrients, especially with less arable land. Further, the company continued to merge the fractured industry by acquiring whatever it could.

Even the pandemic didn't stop Nutrien stock, as it simply moved more of its business online. It actually saw its e-commerce business thrive, bringing in revenue, so farmers could still deliver goods, despite droughts and floods. But Russia threw a wrench in those wanting stability from the stock.

The stock became overbought, flying past analyst consensus target prices. While the company surely belongs in the triple digits, it's now become a riskier investment — something that simply shouldn't have happened were it not for the Russian invasion.

Now what?

Don't get me wrong; Nutrien is an excellent long-term investment. It continues to acquire businesses and has a solid balance sheet. Furthermore, it's in an industry that will always be around, as crop nutrients will be needed for the foreseeable future.

The issue is that the company is still quite new. Only around since 2018, there simply isn't the track record investors should like to see. That makes it susceptible to these moments, where Nutrien stock can be swayed by geopolitical issues.

So, yes, Nutrien stock is down 10%, and it could fall further. But [long-term](#) investors are still likely to see gains in the future, though it could take much longer to reach some stability.

Shares of Nutrien stock are down 7% on Tuesday, trading at 17.99 times earnings as of writing.

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