



A Surefire Bet for Your TFSA in 2022

Description

There's plenty of uncertainty in 2022. Investors have little to no visibility about where the current trends in inflation, interest rates, and supply chain disruptions are heading. Under such circumstances, it's difficult to make any long-term bets in your Tax-Free Savings Account (TFSA). However, there's always an opportunity regardless of the economic climate. Here's a surefire bet you can make today with confidence.

TFSA essentials

During times of economic crisis, the most essential products and services become the most valuable. People could cut back on cars and phones, but they can't cut back on food and electricity. That's why companies like **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) tend to outperform during such downturns.

[Nutrien's impressive run](#) in the market shows no signs of slowing down, with pullbacks emerging as buying opportunities. The stock is up by more than 30% year to date, an impressive run fueled by the global disruption in food supply and agriculture.

As the world's largest potash producer, Nutrien has continued to edge higher amid growing concerns that the ongoing war in Ukraine will affect potash inventory significantly. The company has a large amount of idle potash capacity that it could bring to the market as a replacement for supplies from Russia.

As potash supplies from Russia remain banned, Nutrien is staring at a massive opportunity as it moves to steal market share. Regardless of what happens in Russia, Nutrien has carved a niche for itself as a safe haven in the potash business. It currently dominates an industry that the world is relying on for a solution to the food crisis.

Even if the conflict is resolved immediately, it's too late to rescue the spring sowing season in Eastern Europe, and the sanctions on Russia won't be lifted anytime soon. Consequently, Nutrien is expected to plug the gap, which means it could continue generating more revenues and thus shareholder value.

Free cash flow growth

Nutrien's free cash flow has started increasing going by the strategic options it has carried out in the recent past. Stock buybacks and dividend hikes are some of the factors that affirm its credibility to generate shareholder value.

While the stock is trading with a price-to-earnings multiple of six, it looks undervalued, going by the tremendous business opportunity at hand. In addition, Nutrien boasts of a solid dividend yield of 1.90%, which is likely to go higher as free cash flow improves.

Put simply, Nutrien stock should be on your watchlist for your TFSA, and pullbacks could serve as buying opportunities.

Bottom line

Your TFSA needs a rock-solid asset that steadily appreciates in value regardless of economic conditions. Nutrien, one of the world's largest fertilizer companies, fits that bill. During regular economic cycles, Nutrien's product is essential. This year, it's in short supply, as the conflict in Eastern Europe rages on. This supply shock could boost Nutrien's cash flows and perhaps its dividend in the years ahead. That's why it deserves a spot on your watchlist.

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