



Nutrien Stock: Still a Buy at These Highs?

Description

Shares of fertilizer kingpin **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) has been hot of late, with shares blasting off north of 100% over the past year. Indeed, the momentum behind the agricultural commodity producer is unprecedented.

With Russia's invasion of Ukraine, Nutrien has had to step up to the plate as a leading producer of potash. The company has spent years driving down the costs of production, and with demand likely to remain robust over the medium term, Nutrien seems like one of the names that have earnings and tailwinds supporting its incredible rally!

Eventually, Nutrien stock will run out of steam, and once it does, there's no telling how hard the firm could fall. As a commodities play, the ups and downs are very pronounced, and they tend to be challenging to forecast. In any case, Nutrien stock still seems like a great value at around 19.5 times trailing earnings at \$135 and change per share. Alongside the modest multiple is a handsome 1.7% dividend yield. Though the yield is much smaller than it has been historically, it's still subject to above-average growth, as long as agricultural commodity prices remain elevated.

Nutrien: A cash cow that could easily extend its rally

Nutrien is a cash cow, even before the recent spike in various commodities like potash, nitrogen, and potassium. RBC Capital Markets recently slapped shares of NTR with a big price target upgrade, citing that the firm was poised to generate over \$10 billion worth of cash through 2024 amid the booming demand for potash. Indeed, Nutrien has been doing its best to meet the booming demand, and \$10 billion in cash is nothing to scoff at for a firm valued at around \$80 billion.

RBC Capital lifted its price target on the name to US\$135.

Nutrien stock: Momentum and value together?

Nutrien stock isn't the same deep-value stock it was a few years ago, when fertilizer prices were near a

low point. Oh, how the times have changed. Despite the turning of the tides in Nutrien's favour, the stock still isn't nearly as premium as you'd think. The 2.3 times sales multiple is still indicative of great value, in my view. Still, the million-dollar question remains: just how high can potash and the like stay elevated? Indeed, a peaceful end to Russia's invasion of Ukraine could cool fertilizer prices, and Nutrien could be in for a sharp selloff.

With NTR stock retreating nearly 4% on Thursday, it seems like the stock is already in the process of [cooling](#) after one of the hottest rallies in its history. Regardless of what happens, agricultural producers, no matter how well run, are subject to cyclical upswings and downturns.

Chasing Nutrien stock may not be wise

After the recent upswing, I'd argue the easy money has already been made, and that it may be a wiser idea to take a bit of profit off the table. The stock has already doubled in a year. So, doing so is only prudent, even if there is a bit of gain left to be had. Yes, RBC's latest target is realistic, and Nutrien generates tonnes of cash. But just how long will the [good times](#) last?

They probably won't last forever. I'd wait for a better price, even with the near-term tailwinds and the rising secular long-term demand for higher crop yields.

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