



Nutrien Stock: What's Next for Shareholders?

Description

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) investors felt pretty great this year in terms of getting a return for their investment. Nutrien stock has always been a strong investment, but this year, shares actually doubled at one point.

What happened?

Nutrien stock climbed from around \$70 per share to heights of \$148 per share at all-time highs. This came after the invasion of Ukraine led to sanctions against Russia. Russia has been producing cheap potash and crop nutrients around the war. But with sanctions in place, Nutrien became the [go-to company](#).

As the war continues, Nutrien stock continued to climb before peaking at \$148. But since then, shares have come back down and settled around \$125 per share, as of writing. While that's still a massive amount of growth, it does make some shareholders concerned about how long this may last.

What to watch

The biggest question is how permanent this situation is. True, the war in Ukraine and Russian sanctions has created an opportunity for Nutrien stock. But as we all hope the war in Ukraine will end sooner as opposed to later, that would mean the end of Russian sanctions most likely as well.

When that happens, if Russia goes back to offering cheaper options, it's likely clients will return to them. Ideally, clients will have signed on with Nutrien stock for a number of years. But that's not set in stone.

That being said, do I think investing in Nutrien stock is a bad idea? Absolutely not. The truth is that the world has less and less arable land. Nutrien provides countries around the world with nutrients to make that land produce. The company has grown organically, boosted its digital presence during the pandemic, and made strong acquisitions as well.

How it's performing

A clue to how Nutrien stock may perform in the future of course comes from looking at its earnings report. During its latest results for the first quarter of 2022, the company increased its full-year guidance. Net earnings came in at US\$1.4 billion for the quarter, or US\$2.70 per share, with adjusted EBITDA at US\$2.6 billion.

These were record numbers for the company, with rising prices and demand for fertilizer — especially with planting season underway across North America. This allowed the company to increase its full-year adjusted EBITDA guidance and net earnings per share to between US\$14.5 and US\$16.5 billion and US\$16.20 to US\$18.70 per share, respectively.

What's next?

Management expects the growing demand and prices of crop nutrients to continue. Furthermore, the company is looking to expand its low-cost fertilizer production, and create more distributions around the globe. It already has a foothold in highly populated areas, but that can always increase.

“Global agriculture and crop input markets are being impacted by a number of unprecedented supply disruptions that have contributed to higher commodity prices and escalated concerns for global food security. The situation emphasizes the need for long-term solutions that support a sustainable increase in global crop production.”

Ken Seitz, Nutrien's interim president and CEO

Bottom line

Nutrien stock is a great long-term investment, and trades at fair value at 17.33 times earnings as of writing. You can pick it up with a dividend of 1.96%, and likely see strong returns over the next few years.

However, should a recession hit or sanctions against Russia come to an end, there could be a drop in Nutrien stock. So, perhaps for now, add it to your watchlist. And should a significant [drop](#) come your way, that's when I'd swoop in and pick it up.

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