



2 Non-Oil Commodity Stocks to Own

Description

Volatility continues to be an issue for many investors. Oil prices continue to soar, taking the entire economy for a ride. Inflation is at its highest point in decades. Interest rates are rising quickly. In short, the time has never been better to look at diversifying in a few non-oil commodity stocks.

Wait ... did I just say non-oil commodity stocks? Isn't oil surging?

Yes, oil prices are well into the stratosphere. By extension, they're also taking big oil stocks, which are awash in cash, along for the ride. In some cases, those stocks are up by 20%, 30%, or even 50% this year.

But what happens when the factors causing oil to spike are finally resolved and oil prices retreat from their unsustainable levels?

Fortunately, the market provides us with several excellent non-oil commodity stocks to consider buying now.

Here's something different to consider

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is the first non-oil commodity stock to consider. For those that are unaware, Nutrien is the largest crop input provider on the planet. The company produces and then distributes products such as potash, nitrogen, and phosphates.

When the crisis in Ukraine started earlier this year, the global market for potash shifted. (Both Russia and Belarus account for nearly 40% of the global supply of potash.) This led Nutrien to ramp up production to meet that demand. This pushed Nutrien's stock price to new highs, reaching \$147 in April.

Since then, Nutrien's stock price has retreated well over 20%. Incredibly, despite the dip, this non-oil commodity stock is still trading up over 15% year to date.

But does this make Nutrien a buy? There are actually a few reasons why the answer to that is yes.

Nutrien is a market leader in providing crop inputs. Not only are we now entering the key growing season, but the global factors that pushed the stock higher remain issues today. In other words, expect Nutrien to keep delivering positive results.

Speaking of which, in the most recent quarterly update Nutrien posted record net earnings of US\$1.385 billion. On a per-share basis, that worked to US\$2.39 per diluted share. By way of comparison, in the same period last year, Nutrien earned \$133 million.

Nutrien also offers investors a tasty quarterly dividend, which currently boasts a yield of 2.19%.

This stock is as good as gold

The volatility we've witnessed in recent weeks often causes weary investors to turn to traditionally safer stocks. And in times of volatility, those safe stocks are usually [precious metals](#) such as gold.

Unfortunately, gold stocks, particularly traditional mining stocks, come with their own risks. This is where the appeal of another non-oil commodity stock comes into play.

Wheaton Precious Metals ([TSX:WPM](#))([NYSE:WPM](#)) is a precious metal streamer. Streamers don't own any mines. Instead, they provide upfront capital to traditional miners to begin operations. In exchange for that upfront injection, the streamer is permitted to buy some of the metals produced by the mine at a highly discounted rate.

Those metals can then be sold at the current market rate, resulting in a handsome profit.

The business model allows the streamer to diversify quickly without risk to a large number of mines. In the case of Wheaton, the company boasts a portfolio of 23 operational mines on three different continents. Wheaton also has a further 13 streams at various points in the development pipeline.

A further element of diversification comes in the form of the types of metal produced by the mine. Wheaton's existing streaming agreement includes not only gold but also silver, palladium, and cobalt, too.

Finally, let's talk about income. Wheaton offers investors a respectable quarterly dividend with a yield of 1.42%. That may not be one of the highest returns on the market, but it is diversified and well covered.

Non-oil commodity stocks can be great investments

In my opinion, both Nutrien and Wheaton are great long-term investments. Both would do well as part of a larger, well-diversified portfolio. Apart from offering growth and income potential, both stocks have some defensive appeal as well.

In other words, buy them, hold them, and watch them grow.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. NYSE:WPM (Wheaton Precious Metals Corp.)
3. TSX:NTR (Nutrien)
4. TSX:WPM (Wheaton Precious Metals Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. dafxentiou
2. kduncombe

Category

1. Investing

Date

2025/06/28

Date Created

2022/06/09

Author

dafxentiou

default watermark

default watermark