



1 Commodity Stock to Own for Years-Long Passive Income

Description

The **S&P/TSX Composite Index** closed lower on June 10, 2022, to extend its loss in two days to 517.58 points. Only materials (+1.92%) from the 11 primary sectors advanced for the day. Top mining stocks like **Barrick Gold**, **B2Gold**, and **Agnico Eagle Mines** gained at least 5%. Energy, the top-performing sector, declined by 1.66%.

However, the top choice isn't any oil or gold stock if you want to take a position in commodities right now. [Large-cap stock Nutrien](#) ([TSX:NTR](#))([NYSE:NTR](#)) is a potential winner in 2022. The \$60.89 billion fertilizer producer is at the front and centre of global food security. Moreover, the expected strength of its future cash flows ensures sustained passive income for investors.

Ready for the challenge

On June 9, 2022, Nutrien announced plans to increase fertilizer production capability and advance its brownfield expansion projects. Management is responding to the structural changes in global energy, agriculture and fertilizer markets. The primary objective of the world's largest crop inputs, and services provider is to help growers worldwide increase food production sustainably.

Ken Seitz, Nutrien's interim president and CEO, said, "The challenge of feeding a growing world has never been clearer as global supply constraints have contributed to higher commodity prices and escalated concerns for global food security. There is no simple or fast solution to overcome this challenge, and we see potential for multi-year strength in agriculture and crop input market fundamentals."

Value-enhancing business model

Nutrien's integrated, value-enhancing business model is a unique competitive advantage today and in the future. The company's world-class assets that deliver leading whole-acre solutions are the keys to transforming the agriculture industry. By 2030, management desires to lead the next wave of the agricultural revolution.

Seits added, "Nutrien's integrated business is best positioned to respond to these supply challenges and help sustainably feed a growing world. We are safely bringing on additional low-cost potash and nitrogen production from our existing facilities while delivering the products, services, and solutions growers need through our leading global Retail network."

Feed the people well

Nutrien sees the need to accelerate its annual potash production due to the supply uncertainties brought by the Russia-Ukraine war. It now targets to produce 18 million tonnes by 2025, or 40% more than its production capacity in 2020.

According to management, its existing low-cost capacity and world-class global logistics are unmatched in the industry. It's also Nutrien's acceleration pathway to meet long-term market demand growth. The company plans to invest in underground mining equipment, mine development, storage, and loadout capacity. Hiring and training approximately 350 people is also on the agenda.

Meanwhile, the evaluation of additional low-cost brownfield expansion opportunities beyond the target production volume is ongoing. Nutrien's clean ammonia facility at Geismar, Louisiana, is the largest in the world. Completing of inflight brownfield projects and additional growth projects should increase annual nitrogen sales by about 13.5 million tonnes in 2027.

Stock performance

Mr. Seitz wants people to know that Nutrien needs its volume to grow to feed the people well. The 941% increase in net earnings in Q1 2022 versus Q1 2021 reflect in the stock's performance. At \$110.41 per share, investors are up 16.68% year to date. Currently, the low-cost producer pays a decent 2.22% dividend.

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Date

2025/07/22

Date Created

2022/06/19

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