



## 2 Top TSX Commodities Stocks That May Not Be Done Running Yet

### Description

Commodities have managed to outperform every major asset class during the nine Fed hikes since 1972. And they are absolutely roaring this year. In the first six months, these stocks have actually outperformed the broader markets by a significant margin. Considering the rally, commodity stocks are an excellent way to inflation-proof an investor's portfolio.

Among the various commodity stocks on the Toronto Stock Exchange, these two are worth looking at right now.

Here's why.

### Top commodities stocks: Nutrien

**Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) is the largest fertilizer producer in the world in terms of capacity. The company produces three main crop nutrients, namely phosphate, nitrogen, and potash.

This organization is also the United States's largest agricultural retailer, directly selling crop chemicals, fertilizers, services, and seeds to farm customers via its online platforms and physical stores.

Nutrien anticipates it will be able to increase potash production by roughly three million tons per annum (mmta). Also, the company expects to hike nitrogen production by 500,000 tons every year by the end of 2025. Accordingly, the company expects to put the increased cash flows generated from these higher levels of production to good use. It's expected that Nutrien will repurchase \$2 billion of stock this year alone.

Accordingly, it's no surprise analysts are growing bullish on Nutrien stock. It's expected this producer of agricultural inputs will generate US\$6.02 of earnings per share in its upcoming report, or nearly 190% in year-over-year growth. At a price of roughly US\$74 per share at the time of writing, that's a forward multiple of roughly [12 times earnings](#). Not bad, indeed, for value investors.

## Cenovus

**Cenovus** ([TSX:CVE](#))([NYSE:CVE](#)) is an integrated oil company focusing on generating value via the development of its oil sands assets. Cenovus also produces natural gas liquids, natural gas and conventional crude oil in Alberta. Moreover, it has refining operations in the United States.

Recently, the company declared that it would acquire the rest of the company's 50% interest in the Sunrise oil sands project from **BP**. This \$600 million deal is a big one, but is also one that's got a variable component of pay that will expire after two years. Thus, Cenovus is poised to benefit from this deal, regardless of how the market shifts in the near term.

I like that. I also like Cenovus's production targets, particularly with oil prices where they are right now. It's expected that as a result of this aforementioned deal, Cenovus will be able to tack on approximately 60,000 barrels of oil per day equivalent. That's good business, for those bullish on the need for energy security moving forward.

### CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:NTR (Nutrien)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:NTR (Nutrien)

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chrismacdonald

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