



1 TSX Stock for \$400 in Passive Income

Description

Commodities are some of the strongest stocks you can buy — especially on the **TSX** today. This bear market created a strong opportunity where investors can buy these essential products at a fraction of the price.

But not all commodity stocks produce passive income. That's why today, there's really only *one* TSX stock I would recommend for Motley Fool investors today — that is, if you're looking at commodity stocks. And that stock is **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)).

Why Nutrien stock?

Nutrien stock became a [volatile](#) choice this year. Granted, it likely could still be volatile. But long-term Motley Fool investors shouldn't worry too much about that. That's because after a huge climb in share price, the TSX stock is back in fair-trading range.

Shares of the TSX stock climbed 53% in 2022 before falling back. Now, Nutrien is up about 7.68%. So, why on earth would I recommend it?

Nutrien deals in crop nutrients. And it frankly doesn't get more essential than that. The TSX stock has an acquisition model that has allowed it to take over the market share of crop nutrient companies. Further, it's brought the industry into the 21st century. In fact, during the pandemic this became essential. The company was able to continue growing, as farmers demanded crop nutrients, all while buying products from its e-commerce platform.

Cheap and valuable

Yet today, after such volatility, the TSX stock offers immense value. It currently trades at just 10.4 times earnings and 1.8 times book value, putting it into [value territory](#). Further, shares now trade at just \$101.26 per share, as of writing. That's well below where it was just a few months ago.

Granted, the climb came from sanctions against Russia after the war in Ukraine commenced. But inflation and interest rates have brought it back down to earth. And then some, if I'm honest. The company was still able to make new deals with countries around the world that no longer want to rely on Russia for crop nutrients. And those deals won't simply die away.

But it's also valuable because it offers a dividend yield of 2.49% as of writing. That comes in at \$2.52 per share annually. And that means you can create a lot of cash flow, even by just investing and seeing shares remain stable.

Create \$400 each quarter

If you want to start bringing in passive income from this TSX stock each quarter at \$400, it's definitely going to take a big investment. At the time of writing, that would mean purchasing \$64,127 worth of shares on the TSX today. But that would *also* mean bringing in \$1,600 in passive income each year for life.

Let's say that shares continue along the growth trajectory of around 10% over the next decade. Mind you, Nutrien offers a compound annual growth rate of 18% right now for the last three years. But I'm bringing it down since it's a new company.

In that case, it would take you just six years to more than double your investment based on this performance. And that's also if dividends don't grow at *all* — something to consider with this TSX stock today.

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