



Why Is Everyone Talking About Nutrien Stock?

Description

Nutrien ([TSX:NTR](#)) is the largest producer of potash in the world. Unfortunately, these last two years have been pretty bad for the company, owing to the raging pandemic. However, 2022 looks set up to be kinder for this [commodities stock](#). This year, NTR stock has more than recovered what it lost in the pandemic.

Accordingly, Nutrien is a company that's garnering significant attention among investors. Let's dive into why that's the case.

Nutrien is a cyclical stock

As we all know, the stock market is [cyclical](#) in nature. So, to combat this volatility, many investors look to low-beta sectors to hedge against what can be a very bumpy ride. Commodities are one such sector in focus, with Nutrien's agricultural inputs among the best options for such investors in this environment.

Over the long term, commodity stocks like Nutrien tend to perform in line with global inflation. A global provider of fertilizers and other ag inputs, Nutrien benefits from population growth rates that are much higher in emerging markets. Thus, so long as Nutrien can remain a key player in this space, the company's growth should average 3%–5% per year for the very long term.

While potash and other fertilizer prices have remained depressed over the past decade, recent geopolitical concerns have shifted this landscape significantly. Additionally, should the U.S. dollar depreciate in value in a recessionary environment, Nutrien could have much more upside on the horizon. That's the basic thesis behind holding this stock, given how high it's climbed of late.

Expansion is the goal

The reason why so many investors may be considering Nutrien is that this is a commodities company that isn't sitting on its hands. The company has continued to consolidate the sector, becoming a

leading global supplier of potash and other inputs that are absolutely necessary for human survival.

Given Nutrien's surging cash flows tied to rising commodity prices, the company has ample room for [growth](#). Right now, Brazil is a target. The company is spending extensive money in Brazil for its expansion in this key market.

Brazil is an agriculture-oriented country. What better place to build a massive fertilizer market than Brazil? In that regard, Nutrien appears to be pulling out all the stops. The company's goal of blanketing the whole of South America with its fertilizer products doesn't seem that farfetched.

That's because Nutrien has already spent more than \$500 million in Brazil. The money was split in as many as 15 different transactions, all targeted towards expansion. CEO Ken Seitz is highly driven by the opportunity and says these expenses are already paying off.

Over the long term, I think these strategic investments will pay off. I remain bullish on Nutrient stock. And I certainly think all the discussion on this company is warranted.

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