



2 Best Grain Stocks for Investors in 2023

Description

There are several different ways you can invest in food. You can go to the end of the supply chain and invest in grocery retailers, invest in [water stocks](#), or go back to the farm and invest in fertilizer stocks. If you are interested in specific food elements like grain and want to zero in on the businesses that are associated with grain production and distribution, you should look into these two TSX stocks.

A grain infrastructure stock

Agriculture is one of the oldest industries in the world. Ag infrastructure and tools are constantly evolving to keep up with the demands of a rapidly evolving global population. Critically, they neutralize problems like loss of fertility and standing crops wasted by floods.

Winnipeg-based **Ag Growth International** ([TSX:AFN](#)) is one of the companies providing agricultural tools and infrastructure. It has five main platforms, one of which is grain. The company offers systems and solutions for grain supply chains (primarily farmers) in seven different domains, including storage, processing, structures, and engineering solutions.

The ag supplier has multiple internationally recognized brands under its banner used by grain farmers and processors around the globe.

Its performance has been quite inconsistent in the last decade, with several ups and downs. Considering its “ups” from the last couple of years, the stock is quite capable of returning 50% or more from its growth spells spread out over a few months each. If you buy AFN stock low, you can take advantage of these growth bursts and lock in a more attractive yield than the current 1.4%.

A grain transportation stock

Once the grain is harvested, processed, and packaged, it needs to be transported to the relevant stakeholders for the final leg of the distribution. **Canadian Pacific Railway** ([TSX:CP](#)) is a major grain transporter in the country. Grain is one of the primary lines of business for the railway. CP has

accumulated considerable infrastructure to facilitate easy mass transportation of grain.

This includes over a hundred dedicated hoppers (cargo units for transporting grains and other commodities), 410 strategically positioned elevators in Canada and the US, and direct access to export ports.

The company started a Dedicated Train Program (DTP) under which train assets are leased to grain producers/exporters for one year to manage their own supply. Over 75% of CP's grain-related customers take advantage of this program.

As a stock, Canadian Pacific offers a different mix of growth, dividends, and stability. With a market cap of almost a hundred billion dollars and over 140 years of operations, it's among the most well-established [blue-chip stocks](#) in the country. The yield it offers is relatively low at 0.7%, but the capital appreciation potential is quite solid. The stock went up over 390% in the last 10 years.

Foolish takeaway

These two grain stocks offer different investment opportunities. Canadian Pacific is a solid long-term holding with relatively consistent growth potential. Ag Growth, on the other hand, may offer promising returns when the market conditions are right.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:AFN (Ag Growth International)
2. TSX:CP (Canadian Pacific Railway)

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