



Top Stock Alert: The 1 Stock Long-Term Investors Should Own

Description

The agricultural sector is perhaps the last place investors may look for astronomical growth. That said, I would challenge investors to keep an open mind with respect to analyzing equities over the very long term. In this article, I'm going to highlight why I believe **Nutrien** (TSX:NTR)([NYSE:NTR](#)) could provide [market-beating growth](#) over the long term for investors.

The core business is solid long term

Nutrien's core business is providing agricultural inputs such as potash, nitrogen, and phosphorous to the global agricultural industry. When Potash Corp. merged with Agrium, the combined entity also grew its market share in retail product for farmers. This allowed Nutrien to become a global leader in these categories. Nutrien continues to be one of the most diversified options for investors in this sector. This company also holds a considerable level of market power in a sector, which is generally driven by commodity prices.

Headwinds are fully discounted

Concerns around commodity prices for the products Nutrien produces remain heightened. This is as a result of the oversupplied nature of this sector in recent years. A global supply/demand imbalance has led to commodity price pressures, which have put a strain on Nutrien and its peers. Global supplies have continued to rise well in excess of demand. These factors have provided a significant headwind for this stock and have pushed many investors to seek better opportunities in other sectors with better overall fundamentals.

Herein lies where I see a real opportunity for long-term investors today; I think Nutrien's share price has fully discounted these headwinds but has not reflected any bullish sentiment in regards to long-term catalysts I view as inevitable for this sector.

Demand projections are favourable

For starters, betting on a rising global demand for food is about as safe of a bet one can make. Estimates of global population increases in the mid-single-digit range for decades to come. Good security requires enhanced farming technique and the use of products supplied by Nutrien. This makes the projections for demand growth for said products over time worth paying attention to.

Supply projections improving

On the supply side of the equation, Nutrien is one of the top global producers of the commodities it sells. Accordingly, this increases the company's pricing power long term. With more consolidation in this sector likely and a balance sheet that is in good shape, Nutrien could be on the prowl for another acquisition in the years to come. Such an acquisition would bolster its position in the market and turn this sector into an oligopoly or duopoly. This would make the nutrient supply business similar to that of the airline sector or telecommunications sector. Such a long-term outlook on sector dynamics is highly bullish for those concerned about the oversupplied nature of these commodities today.

Bottom line

As one of the lowest cost producers of potash and its other key commodities, Nutrien's cash flow profile is superior to its peers. The retail arm provided by the Agrium deal provides Nutrien with an added layer of cash flow protection as well. These factors allow Nutrien to comfortably pay its dividend yield of around 3.7%, paying investors to wait and be patient with this long-term play. For those with a very long-term investment time horizon (a decade or longer), I think Nutrien's growth and value profile is one of the best on the market today. I would encourage Foolish investors to investigate this stock further.

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1. Investing

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1. dividend
2. Editor's Choice
3. long term growth
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TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)

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Date

2025/09/28

Date Created

2020/12/15

Author

chrismacdonald

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