



Canadian National Railway Company: Why the Strike Notice Is Nothing to Worry About

Description

Canadian National Railway Company ([TSX:CNR](#))([NYSE:CNI](#)) is one of the few businesses that has stood the test of time. The company has been through the harshest of recessions, but if you were disciplined enough to buy the stock on these economic downturns, then you would have profited greatly from CN Rail's rebound and the stream of consistent dividend raises in the years that followed.

I believe CN Rail is one of the best dividend-growth kings in North America. The company is known as North America's most efficient railroad. It's got a terrific management team that has an intense focus on operational efficiency. I believe CN Rail is one of those stocks that you can buy at any valuation, and you'll still do well over the long term. But if you're able to pick up shares of CN Rail on a temporary dip or a market-wide selloff, you'll amplify your returns.

Bill Gates is CN Rail's largest shareholder for a reason. He loads up on CN Rail whenever "Mr. Market" prices the company at discount. Bill Gates's ownership limit has been increased, so if we see any signs of weakness in the stock, it's likely that Bill will back up the truck to load up on even more shares.

CN Rail is fully valued right now with a 21.48 price-to-earnings multiple. Although the dividend yield may not seem like much at 1.6%, it's going to grow over the years if you're a long-term investor. That's why I think it's the best stock for a "future income investor," even if it's fully valued.

Any strike-induced sell-offs are a buying opportunity

The Teamsters union issued a 72-hour strike notice on Saturday which stated that employees could legally walk off the job this coming Tuesday. Union vice president Roland Hackl stated: "We're doing everything we can to avoid a strike, and Teamster members expect the same from management."

The management team is reportedly bargaining with a mediator and is willing to agree to binding arbitration to settle.

What does this mean for investors?

There's no reason to panic over temporary issues. Any dips that happen this week caused by the strike notice is nothing more than an opportunity for long-term investors looking to beef up the core of their portfolios.

I think a deal will be made before employees start walking off the job, but even if this doesn't happen, don't make the mistake of dumping the stock, because someone else will gladly take it off your hands.

Stay smart. Stay hungry. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. TSX:CNR (Canadian National Railway Company)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Yahoo CA

Category

1. Investing

Date

2025/08/18

Date Created

2017/05/29

Author

joefrenette

default watermark

default watermark