



A Top Canadian Dividend Stock to Buy Right Now

Description

It's hard to focus on individual stocks when the business cycle turns and the broader market gives up its gains. In this situation, investors begin to paint everything with the same brush, ignoring the fact that there are some great businesses that continue to make money.

In Canada, the broader market has performed poorly this year, producing negative returns and remaining one of the worst-performing markets globally. But that doesn't mean there is a dearth of money-making opportunities. I see a lot of tailwinds, as some companies continue to produce strong profits and their future remains bright.

Here is a [top Canadian dividend stock](#) in which long-term investors could find a lot of value.

CN Rail

For long-term investors, **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) offers good value. The company is currently feeling some headwinds after a sudden jump in demand for the freight services in North America. That jump in volumes is causing persistent network congestion, which has shaken some investors' confidence, dragging shares to this year's biggest decline among the continent's six biggest publicly traded railroads.

Amid these challenges, on March 5 CN announced it will replace its CEO Luc Jobin; it begins a global search for the new leader who can work with "speed and determination." Chief Marketing Officer Jean-Jacques Ruest was appointed interim CEO effective immediately. An international search for a new CEO is underway, the Montreal-based company said in the statement.

I see this as a temporary setback, which might keep the stock value depressed for a while. The company has announced it will boost its 2018 capital-spending budget to a record \$3.2 billion and a plan to hire about 400 conductors in the first quarter alone as part of a plan to overcome the capacity constraints.

If you want to keep this stock in your portfolio to earn growing dividends, then you shouldn't be worried about these temporary issues. [CN's dominant position](#) in the sector has allowed the company to pay uninterrupted dividends since going public in the late 1990s.

This year, management boosted the quarterly payout by 10% to \$0.46 per share, totaling \$1.84 annually for a yield of 1.9%. The company has been increasing its dividend with a five-year CAGR of 14%. During the past five years, investors have made over 80% in total returns, which includes dividends.

The bottom line

Trading at \$95.08, CN Rail stock offers a good bargain to income investors, as I think these issues will ultimately be resolved. The best companies for long-term income investors are those that operate in duopolies, because they command pricing power after creating a strong economic moat that stops competition from challenging their dominance. The Canadian rail industry is a quintessential duopoly dominated by CNR, and I don't see this competitive advantage being taken away any time soon.

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