



Never Mind the Pipeline: CN Railway (TSX:CNR) Stock Is a Defensive Juggernaut

Description

One of the biggest debates in the oil patch, and one that got a significant update on Tuesday, revolves around how to transport oil. Pipeline pundits have been divided, however, as to how much of an impact the now-reapproved Trans Mountain network expansion will have on affected stocks.

On the one hand, the prospect of eased supply bottlenecks will improve the economics of companies with Western oil sands operations. On the other, threats from other quarters remain: further regulations hover on the horizon, while carbon taxes and geopolitical tensions are combining feverishly to weigh on the oil patch. However, there's one stock that wins whether the pipelines get built or not.

What does the new pipeline development mean for railways?

Let's take a peek at **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) today. Out of the domestic rail operators listed on the **TSX**, it could be argued that CN Rail has the most to lose by an efficient pipeline network. Crude-by-rail has been one of CN Rail's big innovations, intended to relieve the Albertan oil patch.

Chances are you might not have heard of CanaPux, even if you're an energy investor. But CanaPux is one of the brightest new ideas in the oil space and a fascinating innovation by CN Railway. In a nutshell, it's a system for mixing a polymer with heavy crude or bitumen to make it safer to transport by rail. This process allows CN Railway to operate competitively in the oil patch, [offering diversification and a steady source of extra revenue](#).

Even without this branch of business, CN Rail is doing just fine, however. Its access to the deep sea port of Prince Rupert provides unparalleled access to a vast coast-to-coast network of supply chain partners and connects Canada with the rest of the world. In short, even if an amazingly efficient pipeline network sprang up overnight, CN Railway would still be one of the cornerstones of domestic industry.

A good investment — or a great one?

Returning to that access to industry: CN Railway carries over \$250 billion worth of freight per year, with everything from agricultural supplies to machinery parts – and now, of course, those innovative fuel pucks we mentioned a moment ago. If you want to get technical about it, you could argue that CN Railway gives diluted access to all of these industries, making it one of the most sturdily diversified stocks on the TSX.

Don't expect a challenger to come out of nowhere either. While there is of course [one other major railway stock to consider holding](#), CN Railway's market share is secure, straddling a network of tracks that spans the entirety of the country. Furthermore, its sheer efficiency makes CN Railway one of the true gems of the TSX, with an extremely impressive operating ratio in the low 60s.

The bottom line

CN Railway is one of the most stable dividend stocks a TSX investor can stash in their portfolio. It's a great choice for a TFSA or RRSP for this reason, with its steady growth of payments over the years and peerless access to pretty much every Canadian industry reliant on swift supply chain management.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date

2025/08/18

Date Created

2019/06/20

Author

vhetherington

default watermark

default watermark