



How to Buy Into Energy and Railways With Just 1 Stock

Description

If you're looking for a stock that plugs directly into the main current of the Canadian economy, you're going to have to go for an infrastructure company with as broad an economic moat as possible. With risk largely out of favour and uncertainty pressing in on all sides, defensive stocks are the order of the day, with dividend investors migrating towards sturdy companies operating at the heart of Canada's economy.

Canadian National Railway ([TSX:CNR](#)) ([NYSE:CNI](#)) is a sensible play in the infrastructure and transportation space at the moment, as well as a top stock for anyone looking for access to the supply chain sector. Exhibiting low volatility and fairly priced, CN Railway is focused on growing its income and defending its extensive market share. Beating the TSX index by a broad margin, 2019 has been a good year for the rail operator.

Why add CN Railway stock to a long-range portfolio?

In two words: *market share*. From sea to shining sea, as the song goes, CN Railway operates an impressive network of rail tracks — over 32,000 km of them, in fact. Hundreds of billions of dollars of freight passes through CN Railway's hands every year, making its operations integral to our economy. In short, if you're looking for [a single stock that will plug you directly into Canada's mainframe](#), CN Railway is the one to go for.

As we just touched on, income growth has been key to CN Railway, focused as it is on maintaining its defensive economic moat. By reinvesting in its own capacity to handle freight, its infrastructure expenditure has included adding an increasing number of rail cars to its rolling inventory. This growth is then fed back to shareholders in the form of dividends — currently yielding a modest 1.75%. Up at \$123 a share at the time of writing, the stock remains steadily popular.

The railway stock that also double as an energy play

Beyond a clear competitive advantage, another good reason to get invested would be CN Railway's

innovative crude-by-rail system, known as CanaPux. CanaPux are effectively pucks made of condensed heavy crude or bitumen, mixed with a polymer to create a relatively inert substance ready-made for transportation by rail. Interestingly, this innovation also makes CN Railway [suitable for the energy segment of a dividend portfolio](#).

Two other words also ensure CN Railway a place in the transport stock hall of fame: *Prince Rupert*. This sea port acts as one of Canada's greatest conduits for international trade, and CN Railway's network is plugged directly into it. Taken together with CanaPux and that vast web of train lines, CN Railway has to be one of the most powerful operators in the Canadian economy, and one that the proper functioning of the country cannot do without.

The bottom line

A long-range investor looking for a company capable of spanning their financial horizons as easily as it spans the country's economy should thinking about buying a ticket to ride CN Railway for profit and security. Few stocks carry the defensive weight of the rail operator, and as a play for sturdy dividends that offers access to essentially every sector of industry, it can't be beaten.

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