



3 Ways for TSX Investors to Play the CN Rail (TSX:CNR) Strike

Description

While **CN Rail** ([TSX:CNR](#))([NYSE:CNI](#)) is ordinarily a key indirect energy play for reducing risk of exposure to pipeline setbacks, the crude-by-rail initiative hit its own roadblock last week as thousands of rail workers laid down their tools in protest at a [round of proposed job cuts](#).

The rail operator has cited weakening demand due to a downturn in the North American economic environment behind the proposal.

Should CN Rail investors be concerned about a future strike taking a bite out of their portfolio, though? Not necessarily. The current strike action is the first in a decade, and even the action back in 2009 only lasted for three days.

Compare that with CN Rail's closest competitors, **Canadian Pacific Railway**, and it's a far better track record, with the rival rail operator seeing three walkouts in the last seven years.

Wait for the dip to deepen or buy now?

There are three ways to play the strike. The well-known rail operator's share price could take a bigger hit if the strike situation continues, making the stock worth snapping up on weakness, the most obvious play. Using this strategy, investors have to time the impasse and wait until CN Rail trades at its lowest ebb.

The second strategy is to buy now, at today's flat prices, ahead of a relief rally. Once the strike has ended, there's sure to be a surge of interest in CN Rail driven by headlines and thought pieces.

While there's currently no assurance that the strike could end soon, historically rail strikes last only a few days. However, this one is looking different already, so time will tell.

Pipelines look less vulnerable by comparison

The third option is to go into pipelines. A week ago, the CanaPux system, CN Rail's [crude-by-rail initiative](#), seemed a safer option in the long-run than pipelines.

The vulnerability of the oil patch to a rail strike is now obvious, however. The pipelines network seems more secure, and is supported by a range of other actors from **Pembina** to **TC Energy**.

What does the strike mean for oil investors? CN Rail has been gaining traction among energy investors for the reduced ecological risk of the crude-by-rail system. However, this week, that initiative has mostly seized up as the big-name rail operator prioritizes perishable goods.

If the impasse continues, the stalled crude-by-rail system, which totalled more than 50% of all crude shipments in September, could cause an oil crisis all of its own.

The situation also casts **Enbridge** in a better light, with its pipeline holdups paling in comparison to the near-total shutdown of the crude-by-rail system.

The bottom line

A broad spectrum of Canadian industries rely on the backbone of rail networks under the CN Rail aegis. Indeed, the spread of interconnected sectors that a single investment in CN Rail affords stockholders is what makes its shares so appealing in a long-term passive income portfolio.

However, the strike has shown that crude-by-rail is vulnerable, giving oil investors something to think about.

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. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

3. Stocks for Beginners

Date

2025/08/17

Date Created

2019/11/25

Author

vhetherington

default watermark

default watermark