2 Must-Own TSX Railway Stocks to Buy in October

Description

Toronto Stock Exchange railway stocks should probably be in every Canadian's retirement portfolio. These are names that will likely be around for the next 20 years, making them safe bets, even during market turbulence. If you don't already own some of the top TSX railway stocks, now is a good time to buy.

Here are two must-own TSX railway stocks to buy before October ends.

Canadian National Railway: A top stock with a decent dividend yield

Canadian National Railway (TSX:CNR)(NYSE:CNI) rose from a 52-week low of $92.01 to a 52-week high of $149.11 after the March 2020 market sell-off. At the time of writing, the stock is trading for $140.77 per share. The dividend yield is 1.63% annually.

Canadian National Railway transports some of Canada's top products like petroleum, fertilizers, coal, mining output, and automotive parts in Canada and the United States. Canadian National Railway reported earnings on Tuesday, October 20. JJ Ruest, president & CEO of Canadian National Railway, remarked on the firm's performance during the third quarter:

> "CN's people never stopped working since the beginning of the pandemic and I am proud of the essential transportation service they have provided. As we look at the fourth quarter and beyond, we continue to see sequential improvements and momentum leading us to have a cautious optimism about the future. We remain confident in our ability to continue delivering long-term shareholder value."

Canadian National Railway suffered an 11% decline in revenue, or $421 million, to $3.5 billion for the third quarter of 2020 over the same period in 2019. There was a decline in transportation volumes in some commodity groups due to the COVID-19 pandemic. Luckily shipments of Canadian grain increased to offset the lower volumes in these groups.

Despite the challenges, there's a reason Canadian National Railway stock has performed so well this year. The company boasts substantial market power in transportation. Further, the COVID-19 pandemic is impacting railway and transportation far less than other industries like restaurants, airlines, and hospitality groups.

Therefore, Canadian National Railway stock is definitely one you could reasonably consider for your Tax-Free Savings Account or Registered Retirement Savings Plan.

Canadian Pacific Railway: Reports mild COVID-19 impacts

Canadian Pacific Railway (TSX:CP)(NYSE:CP) rose from a 52-week low of $252 to a 52-week high of $432.27 after the March 2020 market sell-off. At the time of writing, the stock is trading for $417.43 per share. The dividend yield is 0.91% annually.

Canadian Pacific Railway also operated throughout Canada and the United States to transport goods like grain, coal, and fertilizers. On October 20, 2020, Canadian Pacific Railway also announced third-quarter 2020 earnings results.

In the earnings release, Keith Creel, CP president & CEO, had this to say about the firm's performance despite some continued challenges from the COVID-19 pandemic:

> "This quarter played out as we expected. Following our record Q2 performance, we steadily built momentum through the quarter and finished strong. Thanks to our industry-leading operating model and world-class employees, we have persevered throughout 2020 and have significant momentum as we approach 2021."

The company is actually doing quite well in these troubled times. Canadian Pacific Railway saw a slight decrease in earnings by 6% to $1.86 billion from $1.98 billion last year. Moreover, the railway stock's earnings per share only declined by 1% from the previous year to $4.41 from $4.46.

Railway stocks are doing quite well this year, and Canadian Pacific Railway is definitely one of the top transportation stocks to buy before October ends.

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