2 Must-Own TSX Stocks to Buy in November

Description

Railroad stocks have done pretty well this year despite global uncertainties. Overall, these stocks are up and their price-to-earnings ratios are nowhere near the astronomical levels of technology stocks. While consumer travel may be down, the railroad transportation of essential goods should be fairly safe going into next year.

If you want to buy some winners coming out of the COVID-19 pandemic, there are two great railroad stocks to buy and hold on the **Toronto Stock Exchange**.

Canadian National Railway: A great dividend stock

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. The dividend yield is the higher of the two railroad stocks at 1.62% annually.

Canadian National Railway is one of the two largest railroads in Canada. Market power is a major determinant of a company's success. Every Canadian investor should own railroad stocks in their retirement portfolios.

On October 20, JJ Ruest, CEO of Canadian National Railway, had this to say about the firm's response to the COVID-19 pandemic:

> "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."

The railway has suffered some setbacks due to COVID-19. In the firm's third-quarter financial results, the firm reported an 11% decrease in revenue to $3.4 billion, a decrease of $421 million. Despite some lower shipment volume in some commodities, Canada's railways are still set up for success over the long term. Thus, this is still a must-own stock for 2021.

Pushing through the pandemic

Canadian Pacific Railway (TSX:CP)(NYSE:CP) rose from a 52-week low of $252.00 to a 52-week high of $444.49 after the March 2020 market sell-off. The dividend yield is 0.87% annually.

Canadian Pacific Railway along with Canadian National Railway control the railroad market in Canada. When you find stocks that boast market power, it is almost always a good idea to buy and hold those assets in your investment portfolio.

On October 20, Canadian Pacific Railway announced third-quarter earnings. Keith Creel, CEO of CP Railway, commented on the strength of its bulk franchise and the firm's commitment to innovation.

> "Our third quarter highlighted the strength of our bulk franchise and the power of our domestic intermodal and automotive operations. Additionally, we built on our record average train weights and train lengths from Q2 and carried that through Q3. We remain committed to innovating and to making incremental, sustainable gains."

Canadian Pacific's revenue decreased by 6 percent to $1.86 billion from $1.98 billion last year. Revenue changed by a smaller amount than the Canadian National Railway. CP also expects higher volumes in the fourth quarter.

Like the Canadian National Railway, Canadian Pacific is a must-own railroad stock to buy and hold for the long term. If you don't already own this stock, you should definitely consider buying before the year ends.

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