3 Reasons Why Canadian National Railway (TSX:CNR) Is a Good Buy

Description

Canadian National Railway ([TSX:CNR](#))([NYSE:CNI](#)) stock has enjoyed the reputation for being an excellent asset for investors to buy and hold for a long time. Providing an essential service in an industry that has no other presence as dominating as its own, many investors consider CNR to be an [ideal long-term investment](#) for the next 100 years.

The Canadian railway industry heavily relies on Canadian National Railway's extensive network that spans throughout North America, connecting three major coasts. The railway sector has a steep barrier to entry, considering the extensive network that the company boasts.

Replacing the company's railroad network would cost more than $100 billion. It is safe to say that CNR will remain the dominant force in Canada's railroad industry for the foreseeable future.

CNR stock has provided stellar long-term returns to its shareholders, and it continues to be an excellent stock to buy and hold right now. If you're looking to [invest in Canadian growth stocks](#), Canadian National Railway might seem like an odd asset to consider. However, it could be the perfect stock to buy right now.

I will discuss three crucial reasons why I think it's a good buy right now to help you make an informed decision on whether to buy Canadian National Railway shares today.

Precision scheduled railroading to digital scheduled railroading

The company has been working on developing processes that will automate its operations and transform its ability to generate more significant profits. CNR adopted an automated track inspection program that improves its ability to inspect quality, reliability, and the number of inspections.

The railroad company is also shifting to digital scheduled railroading (DSR) with advanced technology that can improve its overall cost efficiency. DSR leverages advanced information technologies to improve on its previous system to make its operations safer, reliable, and more efficient.

Deploying technology to its advantage

Deploying advanced technology is the primary growth driver for the company. Integrating the technological developments into its operations will allow CNR to eliminate issues caused by human errors. The system can apply full-service brakes to stop a train, even if the crew does not take any actions. A good example of its ability to prevent accidents that can result from human errors.

The new technology-based platform that the railroad company is integrating will also leverage data as a strategic asset to empower the whole supply chain to make timely and well-informed decisions.

Digitizing to improve operations

CNR is also digitizing its processes to improve its productivity, mitigate costs, and secure more revenues for the company. The increased efficiency combined with digitized processes will enhance safety, improve overall operations, and deliver stellar returns for the long run.

Foolish takeaway

Canadian National Railway boasts a railroad network spanning 19,500 route miles of track in Canada and the United States. It is the only railroad network that connects Canada's eastern and western coasts with the coasts in the U.S.

As CNR aims to automate its rail network to improve its overall operations, productivity, cost reduction, and generating more substantial revenues, it could be an ideal asset to add to your portfolio today. At writing, the stock is trading for $135.80 per share and boasts a respectable 1.81% dividend yield.

The Canadian Dividend Aristocrat also boasts a 25-year dividend-growth streak, giving investors another reason to consider the stock as a long-term buy-and-hold asset.

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