



Why I Own CN Rail Stock

Description

The stock markets have been quite a wild ride over the past few quarters. With markets attempting to claw back some of the losses this week, the bulls are coming out again, with the bears waiting for the next drawdown to pounce in again with their downbeat expectations.

Markets will always be a battleground for the bulls and bears. Instead of subscribing to either stance, you should focus on the next 10 years. Over the next 10 years and beyond, it's the bull that has control. Indeed, over the long run, fortune really does favour the bull. That's why I wouldn't rush to cash, bonds, or other risk-off assets after so much damage has already been done to financial markets.

Odds are, we're closer to the end of the bear than the beginning. Even if there's more pain ahead, long-term thinkers should have little issue [buying](#) their favourite blue-chip stocks on the way down. In the grander scheme of things, a year of steep losses is less meaningful. If anything, it serves as an opportunity for contrarian [investors](#) to go to work, buying stocks at modest prices.

CN Rail stock: My favourite TSX stock to buy on any dips

In this piece, we'll look at one of my favourite Canadian stocks in **CN Rail** ([TSX:CNR](#)). It sports one of the widest economic moats on the planet, with a durable operating cash flow stream that investors don't need to worry about over the timespan of years or decades. Indeed, railways haven't changed much in recent decades.

They'll always play a key role in a thriving economy. I've referred to top rail plays like CN as the heart of the economy. Without it, it's tough to get gross domestic product where it needs to be. We witnessed the type of far-reaching disruption that short-lived labour disruptions can have on the Canadian (and American) economy.

Though there's a recession ahead, I'm not flinching when it comes to buying the dip in the well-run rail. Why? CN Rail may face the same macro headwinds as other companies. However, investors know that the company will land on its feet and find its way to new highs once the tides turn again.

Back in 2008, the stock fell around 35% from peak to trough, far less than the S&P 500, which tanked around 55%. Indeed, CN Rail stock was quick to recover, eventually dwarfing the decline in the years and decades that followed.

Looking back, it's hard to tell when the 2008 stock market crash was because CNR stock has truly moved on and has created so much for shareholders since. CN Rail offers a critical transportation service that's virtually impossible to match in terms of efficiency. Though autonomous trucks may be a source of disruption over the long haul, don't expect CN or any railway to move off the growth track anytime soon.

If anything, the advent of autonomous trucks could supplement CN's rail business quite well. At the end of the day, CN is more than a rail company; it's a transportation company that can move massive loads between two points.

The bottom line

CN Rail is a wonderful company that should never be overlooked. The stock is up 5% in the past week and 8% off from its all-time high of around \$170 per share. I think it's just a matter of time before CN Rail is ready to make higher highs. Under the leadership of Tracy Robinson, there may be no stopping the firm.

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