



## More Ways to Profit From a Plunging Loonie

### Description

Well, it's official: the Canadian dollar is in freefall. After trading at more than US\$1.00 in early 2013, it has now fallen below US\$0.80. Nowadays, shopping in the United States isn't what it used to be.

There have been two main culprits for the dollar's plunge. One is the drop in oil prices, which decreases Canadian net exports and thus decreases demand for our dollar. The other factor is our decreasing interest rates, which again decreases the demand for the Canadian dollar.

These two factors could easily persist. The oil plunge shows no signs of rebounding any time soon, especially with practically every producer maintaining (or even growing) output. Meanwhile, the Bank of Canada could easily cut interest rates again — **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) has predicted this would happen. TD has also predicted that the Canadian dollar will fall to US\$0.75 by early next year.

So what is a Canadian investor to do? Well first of all, we should be viewing this as an opportunity. Earlier this week, [I wrote about 3 companies that benefit from a fall in the dollar](#), and thus should be on investors' radar screens. Below are three more.

#### 1. TD Bank

Ironically, TD would benefit if its own prediction came true, for a couple of reasons. First of all, the bank derived 16% of its total income from the United States last year, and another 19% from other international markets. With a weaker local currency, those foreign earnings equal more Canadian dollars, creating a nice windfall.

In addition, TD is heavily concentrated in Ontario, a province whose economy benefits immensely from a lower dollar. So the bank could get a nice boost to loan growth, and borrowers may not default so often either.

#### 2. BlackBerry Ltd.

**BlackBerry Ltd.** ([TSX:BB](#))(Nasdaq:BBRY) may be thought of as a Canadian company, but it is truly

global in nature. According to its last annual report, just over 7% of revenue came from Canada, while nearly 20% of revenue came from the United States. Nearly three-quarters of revenue came from outside North America.

That being said, Canada accounts for a much higher proportion of costs. The company is still headquartered in Waterloo, and also has a sizable presence in the Ottawa region.

In other words, BlackBerry incurs expenses in Canadian dollars, but generates revenue in other currencies. The company should be cheering as the Canadian dollar slides.

### 3. Brookfield Asset Management

**Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)), like BlackBerry, has its headquarters in Canada. Also like BlackBerry, Brookfield is a truly global organization. As of last fall, Canada accounted for only about 12% of assets under management. By comparison, the United States accounts for over 60% of AUM.

Of course there's another strategy you can employ: buy American stocks. For three American stock ideas to start with, be sure to check out the free report below.

#### CATEGORY

1. Investing

#### TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:BN (Brookfield Corporation)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BB (BlackBerry)
5. TSX:BN (Brookfield)
6. TSX:TD (The Toronto-Dominion Bank)

#### Category

1. Investing

#### Date

2025/07/22

#### Date Created

2015/01/30

#### Author

bensinclair

default watermark