



3 Stocks You Want to Own as the Loonie Tumbles

Description

The Canadian dollar now trades for roughly US\$0.76, having sunk by nearly 25% over the past three years.

And the loonie could easily sink further. Oil prices are facing downward pressure as Iran rejoins the world market. Other commodities could sink as China continues to show weakness. And the U.S. Federal Reserve may raise interest rates in September, another negative for the Canadian dollar.

So, which companies do you want to hold while all this is happening? We take a look at three candidates below.

1. BlackBerry

Back in January reports surfaced that Samsung was interested in buying **BlackBerry Ltd.** ([TSX:BB](#))([NASDAQ:BBRY](#)) for US\$7.5 billion, but its offer was rejected.

The Canadian dollar has weakened since then, and as a result Samsung's reported offer would now be worth nearly \$18.50 per share. That's 82% higher than BlackBerry's closing price on Wednesday.

Of course, BlackBerry still has no plans to sell itself, but it's easy to see how the falling loonie boosts the company's value. This is further underscored by BlackBerry's revenue mix. In fiscal year 2015, only 6.4% of revenue came from Canada compared with 23.2% from the United States. Meanwhile, BlackBerry's corporate headquarters remain in Waterloo, and the company leases four commercial buildings in the area.

So, as the Canadian dollar weakens, BlackBerry's expenses decline by more than its revenue. This provides a much-needed boost to its profitability as well as its share price.

2. Magna International

Four years ago, seemingly no one wanted a piece of auto parts manufacturer **Magna International Inc.** ([TSX:MG](#))([NYSE:MGA](#)). The company was under fire for its generous buyout of founder Frank

Stronach, and the business was struggling mightily in Europe.

But since then, Magna has cleaned up its act, and has benefited handsomely from a North American auto market revival. Consequently, the company's shares have more than quadrupled over this time.

And the story could get even better. The American auto industry is benefiting from low oil prices, and this is especially the case for larger vehicles, which is Magna's specialty. The company also benefits from a weakening Canadian dollar for the same reason that BlackBerry does: the United States is a bigger market, but Magna is still headquartered in Canada.

3. CAE

Like BlackBerry and Magna, simulation technology provider **CAE Inc.** ([TSX:CAE](#))([NYSE:CAE](#)) is headquartered in Canada, but makes the bulk of revenues in foreign markets. So, a weakening loonie is very good for the company.

CAE has some other trends in its favour. Low oil prices are helping the airline industry, which in turn helps CAE. There's also a looming pilot shortage, which leads to a greater need for the company's training services. It is a stock worth holding for 10+ years.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:CAE (CAE Inc.)
3. NYSE:MGA (Magna International Inc.)
4. TSX:BB (BlackBerry)
5. TSX:CAE (CAE Inc.)
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