



3 Stocks Rising Thanks to the Weak Loonie

Description

After flirting with parity for the past few years, the Canadian dollar is now down roughly 20% this year. While some companies will be striving to cut costs and become more efficient to offset the weaker dollar, there are other companies that will benefit from the current landscape.

Companies that have products or sales valued in U.S. dollars will see higher profits thanks in part to a weak Canadian dollar during reporting time. Similarly, Canadian-based companies that have significant assets in the U.S. will see those values shoot upwards when reported back in Canadian dollars.

Let's take a closer look at some of the companies that are posed to profit on the weak dollar.

Metro Inc.

This week **Metro Inc.** ([TSX:MRU](#)) announced a double-digit jump in earnings that can be traced back to price increases the company has been passing on to consumers.

Consumers on the whole are trying to eat healthier, opting for more fruits and vegetables. Metro and other grocers know this, and have stocked up on the amount of fresh produce that is available, which coincidentally have higher profit margins.

What's the connection to the drop in the dollar? With most of the fresh produce in the country coming from abroad, consumers buying more of those fresh food products results not only in higher profit margins, but in a healthy increase for Metro's bottom line.

Metro is currently up over 50% for the year.

Agrium Inc.

Agrium (TSX:AGU)(NYSE:AGU) announced quarterly results for the second quarter earlier this month, and among the highlights were net earnings of \$675 million, an increase of \$50 million over the same quarter last year.

The unique factor regarding Agrium is that despite being a Canadian company that has nearly all production of potash and nitrogen in Canada, the company has sales and earnings figures reported in U.S. dollars.

The end result is lower operating costs being reported, and in turn, higher margins on sales.

Agrium is up nearly 20% for the year.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) operates a huge number of gas stations and convenience stores across Canada, the U.S., and internationally.

The key point regarding Couche-Tard is that 45% of the company's earnings are from U.S. sources. With a drop in the loonie, suddenly those U.S.-based earnings have more weight than they did when the currencies were close to parity.

Putting this into perspective, during the last quarter Couche-Tard reported a gross profit of \$1.53 billion.

Alimentation Couche-Tard is up nearly 20% for the year.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:MRU (Metro Inc.)

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