



## 3 Stocks That Should Benefit From a High Canadian Dollar

### Description

The Canadian dollar traded around the \$0.80 mark as trading came to a close on January 9. It has [picked up steam](#) since December on U.S. dollar weakness and improved rate hike odds. Statistics Canada reported an increase in inflation to 2.1% in November, and Canada also added 79,000 jobs in December, pushing employment down to a 40-year low of 5.7%. All six Canadian banks are now projecting a rate hike on January 17, which should provide even more momentum to kick off the year.

The Bank of Canada could still opt to hold off in its next meeting. Let's take a look at three stocks that could gain on Canadian dollar strength.

#### **Air Canada** ([TSX:AC](#))(TSX:AC.B)

Air Canada stock is down 10.6% in 2018 thus far. Canadian dollar weakness late in 2017 appeared to [bode ill for airlines](#). Air Canada and other airlines benefited from improved purchasing power for Canadian travelers. In the third quarter, Air Canada reported record system passenger revenues of \$4.47 billion, which represented a 9.1% jump year over year. Traffic growth increased by 8.8% in a quarter that saw Air Canada post record operating income and revenues.

A high Canadian dollar would work to offset higher fuel costs, as oil prices have now reached two-year highs. Investors may want to take advantage of a buy-low opportunity after Air Canada has dipped 10% to start the year.

#### **Rocky Mountain Dealerships Inc.** (TSX:RME)

Rocky Mountain Dealerships is a Calgary-based agricultural and construction equipment broker. Shares are up 1.6% in 2018 in the month as of close on January 9. Canadian dealerships may be able to take advantage of better exchange rates as the price of said equipment in North America is in U.S. dollars. The company released its third-quarter results on November 8.

Rocky Mountain Dealerships posted sales growth of 7.3% to \$238.8 million and gross profit rose 5.3% to \$38.8 million. Net earnings climbed 36.7% to \$9 million in the quarter. The company also announced a quarterly dividend of \$0.12 per share, representing a 3.3% dividend yield. The stock has increased

41% year over year. It remains an attractive growth and income play to start the year.

**Canadian Tire Corporation Limited** ([TSX:CTC.A](#))

Canadian Tire is a Toronto-based retailer. It owns and operates its flagship Canadian Tire chain, as well as Canadian Tire Petroleum, and work apparel retailer Mark's. Canadian Tire stock has climbed 2.2% in 2018 thus far. Retailers like Canadian Tire also benefit from improved purchasing power in the United States.

Canadian Tire released its third-quarter results on November 9. Consolidated revenue climbed 5.6% to \$175.5 million, and it included a \$47.6 million jump in Petroleum revenue. Canadian Tire could also see improvement with oil and gas prices continuing the rally into early 2018. The company also declared a quarterly dividend of \$0.90 per share, representing a 2.1% dividend yield.

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