



## Canadian Dollar Hits 10-Month Lows in March: 4 Stocks to Buy or Sell

### Description

The Canadian dollar gained strength against its U.S. counterpart as regular trading came to a close on March 12. It closed near \$0.78 as oil prices dropped to start the week. The Canadian dollar faced downward pressure after President Trump announced impending steel and aluminum tariffs, but this pressure was alleviated somewhat when it was announced [Canada would be exempt](#) along with several other key allies.

Trade tensions and an [increasingly dovish Bank of Canada](#) may continue to apply downward pressure on the Canadian dollar. If that is the case, below are stocks that investors should keep an eye on as we move into spring.

#### Buy: Sun Life Financial Inc.

**Sun Life Financial Inc.** ([TSX:SLF](#))([NYSE:SLF](#)) is a Toronto-based financial services company. The bulk of its insurance sales come from the United States, and it has demonstrated impressive growth in Asian markets. With this in mind, Canadian dollar weakness could actually be a boost in 2018. In 2017, Sun Life saw the after-tax profit margin for U.S. Group Benefits grow 5% from 2016. Sun Life Asia also reported wealth sales of \$3.6 billion in Q4 2017 compared to \$3.1 billion in the prior year. The stock also offers a quarterly dividend of \$0.46 per share, representing a 3.3% dividend yield.

#### Sell: Air Canada

**Air Canada** ([TSX:AC](#))([TSX:AC.B](#)) stock has climbed 5.5% in 2018 thus far. Shares are up 105% year over year. Air Canada posted record revenues in 2018, and customer traffic also hit all-time highs. Passenger traffic is expected to increase across the board in 2018, but Air Canada will be facing bigger competition from regional airlines. The reduced purchasing power of Canadian travelers could also hurt Air Canada and other airlines this year. Airlines are vulnerable during economic downturns, so investors should exercise caution as we enter the late stages of a long recovery period.

#### Buy: Cascades Inc.

**Cascades Inc.** ([TSX:CAS](#)) is a Quebec-based market packaging and tissue product company.

Cascades stock has increased 10.2% in 2018 as of close on March 12. The company boasts a sizable U.S. footprint, which bodes well for its performance, even if the Canadian dollar plunges going forward.

Cascades reported a \$59 million income tax gain in the fourth quarter of 2017, resulting mainly from the U.S. Tax Cuts and Jobs Act. In 2017, sales climbed 11% to \$4.3 billion. The stock also offers a dividend of \$0.04 per share, representing a 1% dividend yield.

#### **Sell: Yamana Gold Inc.**

**Yamana Gold Inc.** ([TSX:YRI](#))([NYSE:AUY](#)) is a Toronto-based gold producer with positions in North and South America. Yamana stock has plunged 13.7% in 2018 so far. The spot price of gold has been stagnant in 2018 and may be increasingly vulnerable to U.S. rate hikes this year. A weak U.S. dollar has failed to generate upward momentum into this year. Traditionally, rising bond yields have been bad news for the yellow metal. The U.S. economy has continued to show strength in 2018, and the Federal Reserve plans to move forward on several more rate hikes, which could generate downward pressure for gold and the Canadian dollar.

#### **CATEGORY**

1. Investing

#### **TICKERS GLOBAL**

1. NYSE:AUY (Yamana Gold)
2. TSX:AC (Air Canada)
3. TSX:CAS (Cascades Inc.)
4. TSX:SLF (Sun Life Financial Inc.)
5. TSX:YRI (Yamana Gold)

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#### **Author**

aocallaghan

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