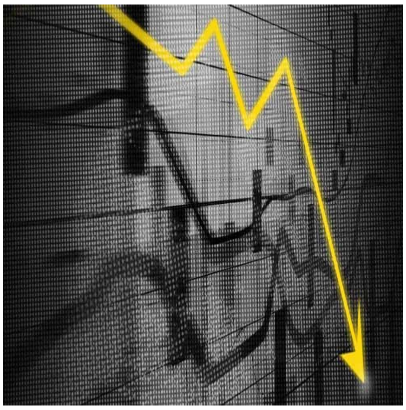

3 Stocks Set to Explode if the Canadian Dollar Goes Lower

Description

The Canadian dollar has seen better days. Worth about US$0.75, it's approaching a 12-month low. Although the dollar has been much lower than this before — it went as low as US$0.62 in 2002 — it's currently fairly weak by historical standards.

Amazingly, some think that the Canadian dollar has even lower to go. **CIBC** recently released a report saying that the dollar could go as low as US$0.60, a value that, while not unprecedented, is lower than most members of Gen Z can remember.

Nobody knows exactly what will happen to the Canadian dollar. Currency fluctuations are notoriously hard to predict, and unlike stock market returns, there's no dependable long-term trend you can count on. However, there is a lot of negative sentiment toward the Canadian dollar right now, which means it would be wise to prepare for further losses.

With that in mind, here are three Canadian stocks that stand to benefit if the Canadian dollar goes lower.

Canadian National Railway (TSX:CNR)(NYSE:CNI)

CN Railway is a rail company that sends a lot of freight to the U.S. The company makes its money charging fees for delivering cargo loads, which include grain, metal, oil & gas, and automotives.

Over the past few years, CN Railway has been making a lot of money on the weak Canadian dollar. Every shipment paid for in U.S. dollars converts to a higher number of Canadian dollars, and this has shown itself in CN's recent earnings reports, which explain that the company is getting an earnings boost from currency conversion.

Shopify (TSX:SHOP)(NYSE:SHOP)

Shopify is a Canadian company with a truly international footprint. Although it is based in Waterloo, the majority of its vendors are international — with a disproportionate number being based in the U.S.

Like CN, any money Shopify makes in the U.S. is worth more in Canadian dollars. This contributes to higher earnings when the company releases its reports at the end of each quarter.

Canada Goose Holdings (TSX:GOOS)(NYSE:GOOS)

Canada Goose is a Canadian company that makes the vast majority of its money from exports. Although Canada is the single largest market for Canada Goose jackets, the U.S. is not far behind, representing $184 million in revenue in fiscal year 2018. The rest of the company's revenue comes from non-North American markets and accounted for about $178 million in revenue. Combined, Canada Goose's U.S. and international revenue account for more sales than its domestic revenue. This means that the company will earn more in Canadian dollar terms the lower the Canadian dollar goes — not only against the U.S. dollar, but other foreign currencies as well.

One of the biggest markets for Canada Goose right now is China. A vast and growing economy, it has an insatiable demand for Canada Goose coats. Over the past six months, the Canadian dollar has fallen 6% against the Chinese yuan. Should this trend continue, we could see a substantial earnings boost for Canada Goose, which is up 11% this year already.

CATEGORY

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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
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3. NYSE:SHOP (Shopify Inc.)
4. TSX:CNR (Canadian National Railway Company)
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