3 Stocks That Could Skyrocket With a Low Canadian Dollar

Description

Are you convinced that the Canadian dollar (CAD) is heading lower?

If your answer is yes, then there may never be a better time than now to get into TSX stocks.

Although a lower CAD makes imported products more expensive, it's also great for Canadian exporters. The lower the CAD goes, the easier time Canadian export companies have moving goods into the U.S.

Further, U.S. dollars convert to 1.34 CAD right now, so Canadian companies' U.S. earnings increase when reported in CAD.

There's no denying that you'll take a hit if you take a vacation in the states or buy U.S. goods at the store today. However, if you're buying Canadian stocks that export to or operate in the U.S., you're sitting pretty.

Not only is the CAD low against the greenback right now, **CIBC** is predicting it will go lower. Assuming that prediction is correct, then the three stocks below are set to soar.

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN)

Algonquin is an Ontario-based utility that owns many assets in the U.S.

Algonquin distributes water in five U.S. states, sells electricity in six, and sells LNG in another six. With approximately 758,000 American connections across its three segments, this company rakes in a tonne of greenback quarter after quarter. Beyond that, the stock pays a dividend that yields 4.5%, so if it's income you're after, Algonquin could be a great play.

Fortis (TSX:FTS)(NYSE:FTS)

Continuing with the utilities theme, Fortis is another big one that owns loads of U.S. assets.

Specifically, the company has a network of electricity companies called ITC Holdings that operates in Minnesota, Michigan, Iowa, Illinois, Missouri, and Oklahoma. In 2018, ITC earned $361 million in net income, contributing about one-third of Fortis's total earnings. That's a lot of U.S. dollars, contributing significantly to Fortis's overall strong results. Like Algonquin, Fortis pays a generous dividend, yielding about 3.6% at the moment. Fortis has an uninterrupted 45-year track record of increasing its dividend, so you can expect that yield to rise over time.

Canadian Pacific Railway (TSX:CP)(NYSE:CP)

Last but not least, we have Canadian Pacific Railway. As a freight transport company, it earns most of its money shipping goods around Western Canada. However, part of its line runs through the U.S., and there the company earns money in U.S dollars. Given the trade tensions between Canada and the U.S. right now, some of Canadian Pacific's business may be impacted by tariffs. However, so far, the favourable exchange rate has played a much larger role in the company's growth, driving significantly higher revenue in CAD terms than would otherwise be the case.

Partially because of its strong U.S. sales, Canadian Pacific is growing revenue at a solid 17% year over year. The company also pays a dividend, and while the yield is low at 0.94%, it's ultra-safe thanks to the 18% payout ratio.

CATEGORY

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