Canadian Dollar Is Falling: 2 Stocks to Protect Yourself

Description

Global markets are trembling again, as the anticipated resolution to the U.S.-China trade dispute will not happen after all. American President Donald Trump made a stunning turnaround. He announced that the tariffs on U.S.$200 billion worth of Chinese goods would double by the end of the week.

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The sudden turn of events will greatly impact on the Canadian dollar. At the start of the week, the local currency fell to a 10-day low against its U.S. dollar. With the resumption of the trade war, Canada's economy is in peril. Apart from oil, the country is exporting other commodities. Trade could slow down as a result.

But you can still invest in the stock market if you want to protect yourself from any eventuality. A pair of stocks can counter the falling Canadian dollar.

Top coal mining stock

With the Canadian dollar weakening versus the American currency, investors can very well invest in companies whose revenues are in U.S. dollars**. Teck Resources** (TSX:TECK.B)(NYSE:TECK), a $16.8 billion company, is the nation's premier coal mining stock and an interesting investment prospect.

The Vancouver-based firm is among the world's top five mining companies that are performing better than 20 other global companies operating in the sector. According to the report published by the International Energy Agency (IEA) in 2018, global coal consumption is rising.

Until major economies around the world are ready to fully remove greenhouses, coal would remain the primary source of energy. The company's flagship projects and operations are in Chile. Teck Resources owns 90% of the copper mines in Quebrada Blanca and Carmen de Andacollo.

The current price of $29.59 is a good entry point. With the best balance sheet and financial muscle, analysts are not discounting an uptick of +40% to $41. While commodity prices are sensitive, Teck Resources has streamlined its steelmaking coal operations to capture significant gross profit cash margins.

Iconic brand equals value

Toronto-based apparel manufacturing firm **Canada Goose Holdings** (TSX:GOOS)(NYSE:GOOS) is one hot stock you can own to protect yourself from the falling Canadian dollar. The company's two major segments — wholesale and direct-to-customer (DTC) — are doing remarkably well. Sales from the DTC segment in particular are rising dramatically. Overall, the business in North America is visibly expanding.

It's hard to put a great brand and high-quality products down. Canada Goose posted a +354.15% earnings growth last year while revenue growth was at +49.74%. This year, earnings growth is estimated to be around +53.34%. Canada Goose's strong performance on the TSX reflects the company's overall strength.

Prospective investors might find the current price of $70.14 a bit expensive. However, analysts know that an iconic brand offers tremendous value. With more growth forthcoming, shares of this top-notch retailer can potentially climb +25.5% to $88 in the months ahead.

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The markets are under siege again by the never-ending trade dispute between the world's two largest economies. Let's hope the trade talks this week will push through. Somehow, there's a glimmer of hope.

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