3 Stocks to Buy With a Weak Loonie

Description

An incoming recession usually means that investors can also expect a weak Canadian dollar, and our country isn't alone. A weak economy leads to a weak dollar, so investing in currency at the moment would probably be a poor choice. But while investing directly in currency can be a problem, so can choosing to invest in companies that are especially vulnerable to a weak loonie.

That's why what might be far more beneficial is investing in companies that have some diversification, and in that case, looking to companies that have a foothold in the United States is a great option for those seeking to avoid a weak loonie.

Here are three options to consider for your portfolio that might actually do well while the loonie is down.

TD

A great bargain for today's investors is **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD). After some less-than-ideal results, the bank has remained on the low end of its share price for the time being, about 14% lower than its fair-value estimate by analysts. Yet as the recession comes closer, TD could actually start to improve as the American side of its business continues to thrive.

TD is now Canada's most American bank, and that has proven highly lucrative for the company. The bank gets about 30% of its revenue from across the border and is now one of the top 10 banks in America. Right now, those banks are only set up along the northeast coast, so the bank has a huge opportunity to expand further.

As the Canadian dollar then continues to go down, TD could really bring in some serious American cash that could keep the company well afloat while the Canadian economy rebounds.

WPT Industrial

Another stock trading at a discount is **WPT Industrial REIT** (TSX:WIR.U). While this company might be on the TSX, it's actually completely set up in the United States. As of writing, the company has 70 light industrial properties that it uses to store and ship out products for the booming e-commerce business.

What this company offers is twofold. First, with a weak loonie means the company will be able to post even more profit than usual as its business continues to expand. Second, it might even raise its already strong dividend yield of 5.45% as of writing. The company could then expand even further, which it's already doing by buying up and acquiring other properties to grow its booming business. With lower interest rates, this is the best time to be making those acquisitions, benefitting shareholders in the future.

CCL Industries

Finally, we have **CCL Industries** (TSX:CCL.B), an odd choice, as the company is the world's largest label maker. While the business of making labels sounds boring, it's a great option for those looking to take advantage of a weak loonie. For companies like CCL that export goods, a lower loonie means they can make and ship goods at a cheap cost, bringing in more profit.

Meanwhile, this boring business is also a necessity. In its latest report, the company saw 7.1% increase in sales, with a 0.3% positive impact from foreign currency translation. With investors worrying the stock could fall in a recession, shares of CCL have taken a dip, making it a great time to buy. That's especially as the company looks to make the same moves as WPT and start into some growth by acquisition.

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