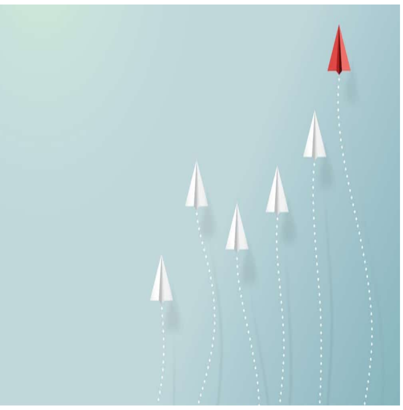

3 Stocks That Could Soar With a Lower Canadian Dollar!

Description

One of the major consequences of the recent oil price collapse was a weaker Canadian dollar. With one of the nation's main exports losing value, the CAD predictably lost value along with it. As of this writing, the Canadian dollar was worth just $0.70 in U.S. dollar terms. At various points in the past month, it was worth as little as US$0.69.

For Canadian consumers, a weaker CAD is bad news. It means higher prices when travelling internationally as well as higher prices on imported goods. For Canadian businesses, however, it's actually a good thing. A weaker Canadian dollar makes Canadian exports more competitive.

It also results in a favourable currency exchange impact when foreign subsidiaries' income is reported in Canadian dollars. Stocks that benefit from this phenomenon could rise if the CAD remains low. The following are three such stocks to consider right now.

Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) is Canada's largest railway company. It ships $250 billion worth of goods across North America every year. Its expansive network touches on three coasts, giving it a competitive advantage in long distance shipping.

As a transportation company that ships goods all over North America, CN earns a significant amount of its revenue in U.S. dollars. This creates a favourable currency exchange impact that can increase its reported earnings. Additionally, the lower prices of Canadian goods relative to U.S. goods can lead to more exports, which in turn can lead to increased business for CN.

In the short term, CN Railway is facing headwinds stemming for the collapsing global demand for oil. The company's most lucrative business is shipping crude to the U.S., and that's way down. However, over the long run, demand should pick up. If the CAD remains lower after oil prices recover, CN will benefit immensely.

Toronto-Dominion Bank

Toronto-Dominion Bank is a Canadian bank with a huge U.S. presence. Its U.S. retail business is the ninth-largest retail bank in the states, a major company in its own right. Because TD's U.S. retail business earns U.S. dollars, it gives TD a favourable currency exchange impact.

That's not the only benefit of TD's U.S. presence either. Its U.S. bank has historically grown much faster than its Canadian bank, which has contributed to TD's strong earnings growth over the past decade. Low interest rates are going to put a damper on that growth in the near term, but TD's long-term prospects are rosy.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is Canada's largest convenience store company. Its biggest brand is Circle K, which was originally a U.S. chain. After acquiring the chain, Alimentation brought it to Canada, re-branding Irving stores as Circle K locations. It also kept the U.S. locations. As a result, Alimentation operates the largest gas station convenience store chain in the States. So, a lot of ATD.B's earnings come from south of the border.

According to ATD.B's most recent earnings release, the company brought in $8.1 billion in fuel revenue in the U.S., by far the most of any region it operated in. Results for merchandise revenue were similar. This means that Alimentation earned most of its money in U.S. dollars, creating a favourable currency exchange impact. If this persists, the company should benefit from a lower Canadian dollar.

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