Dollar closes above par

Last Updated: Wednesday, April 14, 2010 | 5:09 PM ET **Comments*100*Recommend*43***
CBC News

The Canadian dollar Wednesday closed above parity with the U.S. currency for the first time in 22 months, since July 28, 2008.

The loonie finished up .27 of a cent at 100.08 cents US.

The Canadian dollar briefly traded above parity on April 6. (Paul Chiasson/Canadian Press)

Sacha Tihanyi, currency strategist at Scotia Capital, told CBC News above par is a "fair valuation for the currency," and predicted the Canadian dollar would continue to strengthen through the rest of this year "on a fairly sustained manner."

Tihanyi attributed the timing of the close above parity to the fact that both financial markets and commodity prices were stronger Wednesday.

Oil, a major Canadian export, rose more than two per cent, with the May contract for light sweet crude closing up $1.79 cents to $85.84 US in New York.

"The rebound in oil back to close to $85, $86 (US) a barrel was definitely a good driver for the Canadian dollar," said Tihanyi.

The dollar opened Wednesday just above parity, at 100.18 with the U.S. dollar, after hovering below the symbolic number for nearly a week. That was up more than one-third of a cent from Tuesday's close.

The dollar briefly rose above par with the U.S. currency last Tuesday but did not close above that level.

In a CBC News survey of the big five Canadian banks, the predictions are not for a sky high Canadian dollar. All five expect it will go up through this year, then back down next year. (See table.)

The big banks' predictions for this year's dollar peak:

BMO	1.036 US
CIBC	1.02 US
TD	1.05 US
Scotia	1.05 US
RBC	1.02 US

Canada's currency is one of many that have risen against the American dollar, which has been dragged down by the weakened U.S. economy and the huge deficits that Washington has amassed while fighting the recession.

The rising Canadian currency has been interpreted as a sign of the country's rebounding economy, though manufacturing exporters fear a stronger dollar could hurt their international competitiveness.

Corrections and Clarifications

- An earlier version of this story said the May crude-oil contract rose 79 cents Wednesday. In fact, it gained $1.79 US. *April 14, 2010 / 17:59 ET*

With files from the CBC's Kerry Johnston and The Canadian Press

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not_a_robot !! **wrote:**Posted 2010/04/14
at 7:00 PM ETLuvchocolate:

So if I had alot of money to play around with...I'd go into a bank, purchase like $2000 in US currency.

And then when the CDN dollar goes back down to .72 again....march back into the bank & "sell" it back to them...and the difference would be a nice chunk of change !!!

Easiest money that I would have ever made.... :-)

CORRECT. THIS IS WHAT THE MONEY EXCHANGERs DO. THEY RETAIN THE CDN$ FOR A FEW DAYS THEN TRADE IT FOR ANOTHER HOT $$$$$.

All poor folks can do is whine, whine and whine to the unemployment line.

It's not good Canadian management....but security until traded.

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- *1*

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dailybits **wrote:**Posted 2010/04/14
at 6:59 PM ETIronmaiden....don't hold your breath on that gas price scenario....the Blue-Eyed sheiks will parlay "supply/demand", seasonality, "world-crises", transportation variables, etc into higher prices or sustained higher prices in spite of whatever height the dollar attains...the long, hot summer cometh!

By the way those "big" investors will jump out of CanBucks faster than WileEKyoto at the mere sniff of a rise in the U$.......lesson from economic history, unfortunately.

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*0*Agree *0*DisagreePolicy Report abuse
Puzzled accountant **wrote:**Posted 2010/04/14
at 6:56 PM ETIronMaiden wrote:Posted 2010/04/14
at 6:43 PM ETSeeing that we are and oil nation Canadians should see the rewards of it by less at the pumps than the Americans.

==
Instead of lower prices our governments collect higher taxes than in the US. This is keeping our debt as a % of GDP at less than half of the Americans figure. The US government is like a consumer that continues to buy on credit and the bank keeps raising their credit limit. Someday their credit limit may not be raised and they won't even be able to pay the interest.

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Noahandhisark **wrote:**Posted 2010/04/14
at 6:55 PM ETI wonder how long our oil will last. The Tar Sands depend on expensive oil. Why is oil expensive? Are we running out? I too remember when when the Canadian dollar was way above parity. We had a lot of resources then. Now that China dominates world trade, I wonder how well we will do. The US lost the Vietnam war, and went from being the world's largest creditor to being the world's largest debtor according to John Kenneth Gailbrath. They are going down. I like the Americans too. Their women were the most beautiful in the world. I have lots of fond memories with American women. Now I think Norway is opur only hope for a civilized country. But they will eventually run out of oil too.

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*3*Agree *0*DisagreePolicy Report abuse
stfromwest **wrote:**Posted 2010/04/14
at 6:49 PM ETHi folks,

allanm wrote:Posted 2010/04/14
at 6:18 PM ET

"this story shows the confidence that neutral, international investors...shows in Prime Minister Harper's excellent economic leadership"

Nope, purely a function of the price of oil. Nor do we have or had good economic leadership in decades. Allowing the currency to become so sensitive to commodity prices is not wise.

I hate to interrupt you but our dollar has always been pegged to resource extraction. Hewers of wood and drawers of water is not a new saying, nor something that was coined in the last 20 or 30 years. This cliche is in fact 100 or more years old.

Our manufacturing has not equaled the value earned from resource extraction for a very long time and probably never. Certainly not in my lifetime anyway.

An above par loonie is a double edged sword and could in fact be great for our manufacturers, if they are looking to improve their equipment, or technology or anything else such as this, that is priced and bought in American. It won't be my fault if they do not take advantage of this.

Investors are looking at Canada and Australia as the best place to be right now and when there concerns turn from our 1 or 5 year bonds to our 20 year bonds, you know this has to be good for all of us.

Not only is this some of the practical aspects, but emotionally Canadians as a whole are feeling very much smug and better about themselves given the strength of our economy, our banking and financial regulatory regime, our debt and deficit management (which has bought us all sorts of economic room, and choices that other countries just don't have right now).

I personally welcome $1.20 loonie and I hope it gets there and stays there for a few years.

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- *1*

*4*Agree *1*DisagreePolicy Report abuse

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