

CAD Pound strengthen up against the Canadian Dollar

Thursday, 25 September 2008

Last week saw the Pound strengthen up against the Canadian Dollar, with the rate climbing back into the 1.90s up to 1.94 at Interbank level on Friday after the pound finally started to show signs of strength following a week of uncertainty in the UK. This week we see retail sales data out in Canada on Monday, which is expected to show around 0.3% growth, which is likely to strengthen the Loonie. CPI Inflation data comes out on Tuesday, which is predicted to be at a five year high of 3.5%, although the decline in commodity prices may reduce the figure slightly.

With its low inflation, a recent surge in carry trades and falling oil and gas prices, the Canadian economy seems in relatively good shape when compared with the other majors, which has led to the CAD showing strength against almost all other currencies. The release of house price data for the UK this week at midnight on Sunday with yet more negative trends may have signalled the start of another difficult week for Sterling, hence the CAD is looking the stronger of the cross currencies at this time.