

CAD bearish Canadian economic data

Wednesday, 04 February 2009

The Canadian Dollar remained surprisingly stable last week despite a stream of bearish Canadian economic data, which would normally have had a negative impact on the value of The Loonie. Friday's Gross Domestic Product report showed that the Canadian economy contracted at its fastest monthly rate since 2003, a figure considerably worse than expected. The 0.7% contraction was the biggest monthly decline since August 2003.

It seems at the moment that the weaknesses in each economy are performing a balancing act, with neither currency benefiting or suffering to any great extent over the other.

The IVEY Purchasing Managers' Index, an indicator of business conditions, will be released on Thursday, whilst the January employment report is scheduled for Friday. The Canadian Dollar could come under some selling pressure if the data suggests that overall economic conditions are deteriorating at a faster than expected pace.

All things considered the movements of the cross will depend greatly on both Canadian data out towards the end of the week and the BOE rate decision on Thursday. Speak to your account manager about the benefits of Limit and Stop-loss orders to protect yourself against the difficult to predict market fluctuations.