

Loonie looks smart

Since February the Canadian dollar has appreciated 11.5% against the U.S. dollar, achieving a 30-year high, notes Dean Popplewell, currency analyst for Oanda Corp. "The economy is extremely sound. The world is captivated by oil prices, and Canada is awash with oil," Popplewell says, adding that the government and manufacturing bases are stable and the job market is strong. Canada has added 289,800 new jobs in the past 12 months, a real feat of strength for a country with a population of just 32 million. In addition, the market has already priced in an interest rate hike from 4.25% to 4.5% at the July 10 Bank of Canada meeting; and a second is expected before year-end. During July, he expects the Canadian dollar to trade at a high of 1.0450, with a low of 1.1150-1.12 against the U.S. dollar.



"Their exports are doing great," says Jerry Furst, director of Investors Education Network, and while he is not expecting parity against the U.S. dollar by July, he does anticipate parity by year-end. "We could easily get to 104.5," for a high and possibly to 103, adding that one of the main reasons is continuing and possibly escalating instability in the Middle East. "That would be a boost to the Canadian dollar with its oil and resources." For a low against the U.S. dollar, Furst anticipates 1.13. "Interest rates are key," he says.