

The Canadian dollar is rising ... too fast

HIGHLIGHTS

- The greenback is suffering from the stock market rebound and a renewed optimism towards riskier assets. However, a fair number of uncertainties remain, and the magnitude of the recent turnaround calls for prudence.
- US dollar weakness was highly favourable to raw materials prices, pushing commodity-linked currencies to appreciate strongly. At this pace, the trend is unsustainable.
- In the very near term, we could see ongoing enthusiasm for the Canadian dollar, but the stock markets' expected correction poses a risk in the next few weeks. Adopting a quantitative policy could temporarily make the USD/CAD pair approach C\$1.25. Consolidating commodity prices should allow it to avoid the worst but, due to the widespread economic downturn, we must remain cautious.
- European currencies are immuned to bad news : the euro's appreciation is being magnified by new ECB action, while the pound continues to rise.
- The yen is disposed to give up ground.

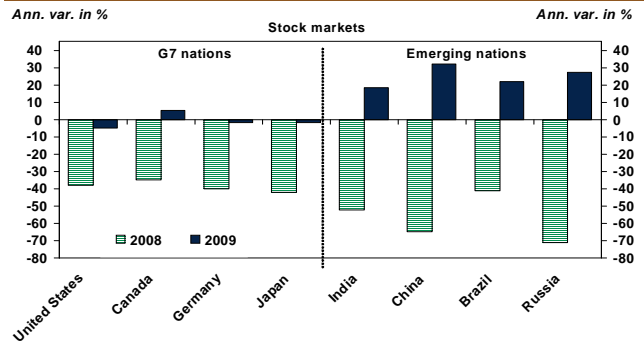
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Editorial

The financial markets' recent upturn, triggered by certain bellwethers indicating that the worst of the crisis is now behind us, prompted an increase in investors' appetite for risk. Most commodity prices took off, taking some emerging nations' stock markets along in their wake (graph 1).

Graph 1 – Emerging nation stock markets got the year off to a roaring start



Sources: Datastream and Desjardins, Economic Studies

These developments were especially good for commodity-linked currencies. From March's low, the Canadian, Australian and New Zealand dollars have appreciated sharply (graph 2). While the loonie's surge is mainly based on the increase in oil prices and the greenback's sagging popularity, the aussie and kiwi's appreciation has been magnified by their economies' relatively good performance and some improvement in the outlook for the Chinese economy.

MORE RISKS ... REALLY?

Support factors are not expected to collapse, but the recent gains seem exaggerated and call for prudence. Firstly, there are still many uncertainties and risk aversion could quickly take centre stage again, prompting renewed greenback appreciation (graph 3).

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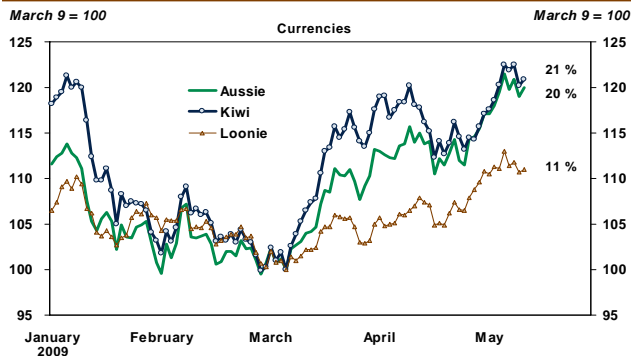
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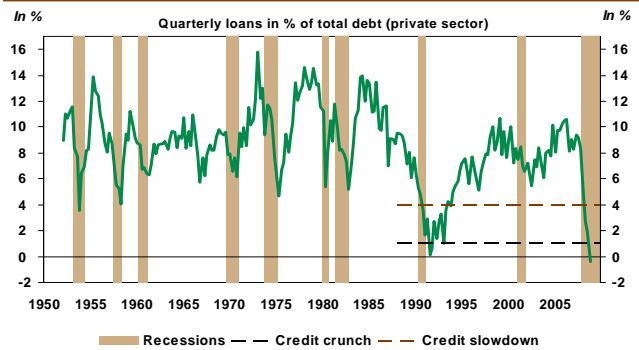
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Graph 2 – Sharp rebound in commodity currencies



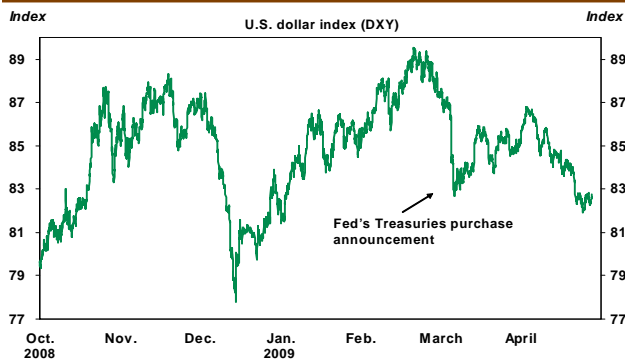
Sources: Datastream and Desjardins, Economic Studies

Graph 4 – Borrowing has been slowed by difficulties in the credit market



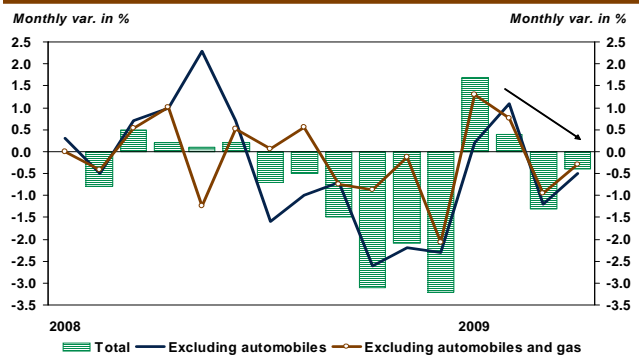
Sources: Federal Reserve Board, International Monetary Fund and Desjardins, Economic Studies

Graph 3 – The American dollar's popularity is on the wane again



Sources: Datastream and Desjardins, Economic Studies

Graph 5 – The increase in sales that occurred early this year did not last long



Sources: Census Bureau and Desjardins, Economic Studies

Rebonds in a number of statistics prompted some analysts to predict a rapid recovery in economic activity. However, although the pace of deterioration is expected to slow, the situation is still very fragile. In a context of high indebtedness and tightening credit standards, the latest statistics show that U.S. households have opted to pay off their loans rather than incur further debt. The result is that the commercial banks are grappling with a credit crunch of impressive magnitude, which is not compatible with a rapid recovery in consumer spending (graph 4).

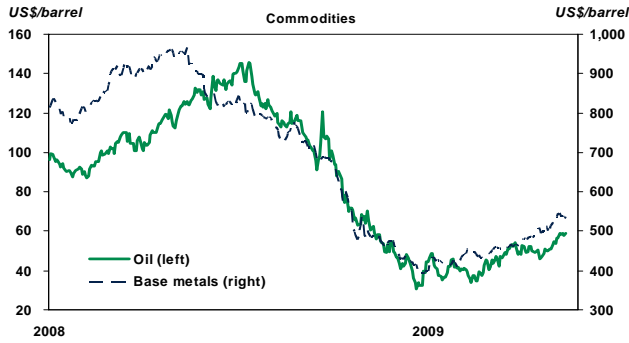
Consumer confidence is slowly rebuilding, in tandem with the improvement in the stock markets, signalling that the worst is probably over. However, the job market is still deteriorating, a thorn in consumers' sides. It is therefore no surprise that, after rebounding in January and February, retail sales started down again in March and April (graph 5), suggesting that consumer spending will pull back in the second quarter. As these adjustments should probably last for a while longer, the economic recovery promises to be suboptimal, at best.

SHAKY INCREASE IN COMMODITY PRICES

The other risk factor stems from the surge in commodity prices (graph 6). Prices are still very far from the peaks recorded in mid-2008, but the fact remains that the strength of the recent increase is surprising in the context of a severe recession. Although China's record imports boosted base metal prices, the increase in raw material prices, overall, is primarily based on hopes of an economic recovery in the second half of 2009 and on the greenback's depreciation.

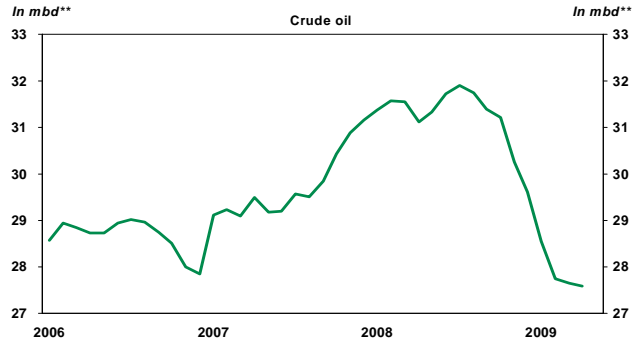
For oil in particular, statistics on supply, demand and inventories are fairly unfavourable. Oil producers' main concern remains the collapse of global demand. Downgrades to economic outlooks and much weaker oil consumption than expected early in the year prompted the International Energy Agency (IEA) to lower its demand forecasts again. The IEA is now projecting a huge 3.0% tumble in oil demand this year (graph 7). In our opinion, this scenario must be construed as pessimistic, however, as most of the other experts are calling for a much smaller decline. One thing is certain: there are still very few signs of stabilization in global consumption of

Graph 6 – Commodity prices rebound



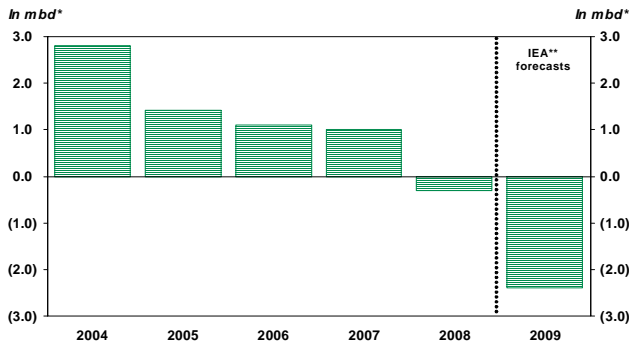
*Commodity Research Bureau; ** Continuous Commodity Index; *** American International Group. Sources: Datastream and Desjardins, Economic Studies

Graph 8 – The drop in output by OPEC* member nations slows



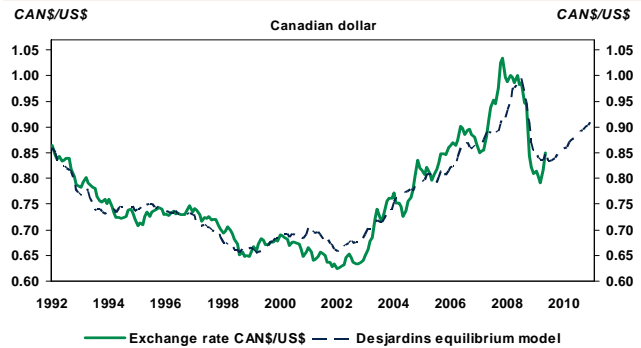
* Excluding Indonesia, but including Iraq. ** Millions of barrels per day. Sources: Datastream and Desjardins, Economic Studies

Graph 7 – Global oil demand is revised downward for 2009



* Millions of barrels per day; ** International Energy Agency. Sources: Datastream, International Energy Agency and Desjardins, Economic Studies

Graph 9 – Our model calls for the loonie to climb slowly over the next two years



Sources: Datastream and Desjardins, Economic Studies

petroleum products; the Influenza A (H1N1) epidemic, which could slow passenger transportation and even the shipping of freight, will not improve this situation.

For its part, global crude production appears to be stabilizing. After a spectacular tumble at the end of 2008 and early 2009, the drop in output by OPEC (Organization of Petroleum Exporting Countries) members has slowed sharply in the last few months (graph 8). It now seems to be difficult for OPEC to do much more to cut supply and get prices back to levels that are considered more acceptable, especially as some members are still producing more than their quotas. Moreover, OPEC's output is already at its lowest level in five years.

OUTLOOK FOR THE LOONIE

Under these conditions, the Canadian dollar appears to be appreciating too quickly, particularly as Canada's economy is not a "model" for growth. The recent movement by domestic demand should translate into the worst real GDP contraction on record. Conversely, the improvement in foreign trade will make a positive contribution. However, exports are still down and the gains in the trade balance only occurred due to an

even larger decline in imports, one more sign of the domestic economy's weakness.

With little inflation pressure in sight for the next few years, the Bank of Canada's (BoC) monetary policy will remain expansionary for a long time. By taking its key rate to a low of 0.25%, the BoC has already adopted a "zero" rate policy; the Bank says it is ready to use less conventional tools if the Canadian economy deteriorates further. This would probably have an adverse although limited impact on the loonie¹.

In the short term, prudence is in order due to the various uncertainties, but we are maintaining our scenario for slow growth in the second half of 2009. Our model for the Canadian exchange rate is clear: any appreciation in commodity prices will put the currency back on track for gradual growth (graph 9).

¹ See *FX Forecasts* "When quantitative policy and currency movement make good bedfellows!", April 2009.

As the financial strains resolve and banks clean up their balance sheets, the issue of the U.S. economy's chronic debt should resurface, prompting investors to put the American dollar back on its long-term down trend. Renewed enthusiasm for risk in conjunction with the American dollar's depreciation will result in net appreciation of energy and non-energy commodity prices. As a result, following a brief correction, the USD/CAD pair should go to CA\$1.11 by the end of the year.

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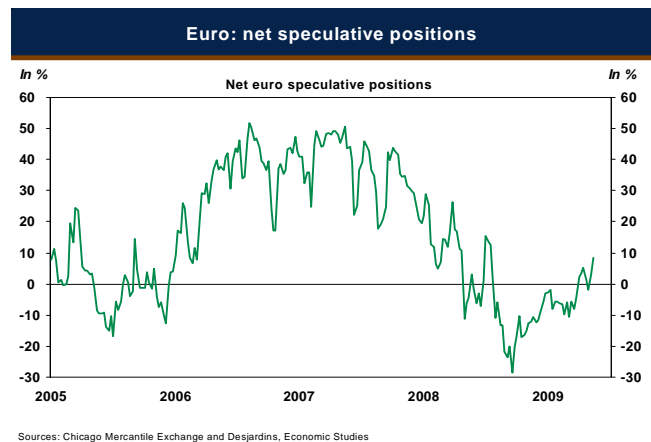
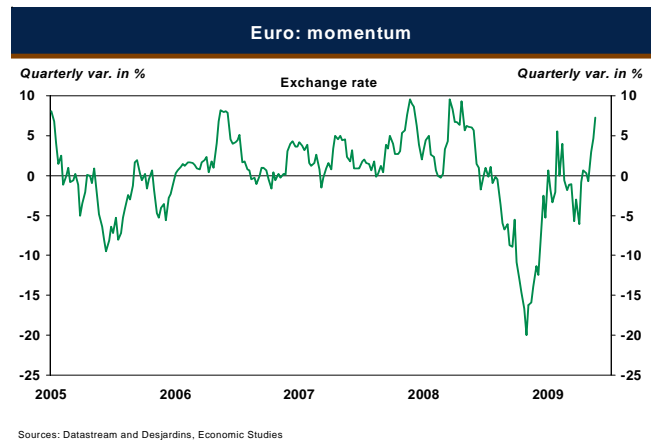
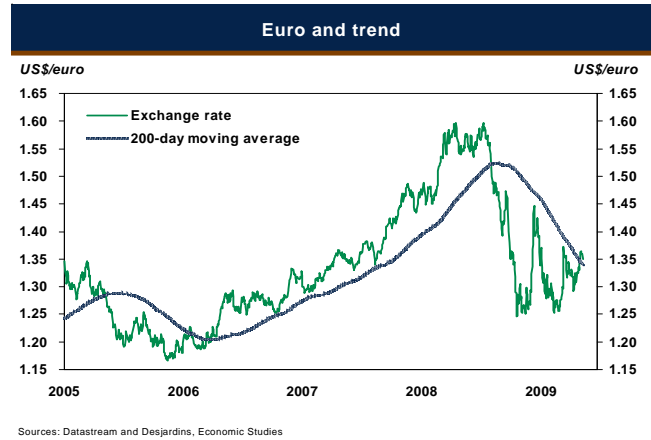
Senior Economist

EURO (EUR)

The euro's appreciation is being magnified by new ECB action

- The hope that the worst of the global recession could be behind us has given the euro a boost in the last few weeks, as the U.S. dollar's safe haven appeal lost bloom for investors. Following numerous signs of dissent, European Central Bank (ECB) leaders managed to agree to institute new measures to support the Euroland economy. This helped the euro climb to almost US\$1.37.
- The euro's recent rise put it just over its 200-day average. The currency's momentum and speculative positions have returned to positive territory. For now, however, they are below levels that would augur an imminent technical correction.
- We cannot criticize Euroland authorities for being dogmatic lately. As expected, the ECB lowered its key rate by 25 basis points at the beginning of the month, taking it to just 1.00%. Although some members of the Governing Council had previously expressed their reticence, the ECB did not completely close the door on further key rate cuts. It also decided to institute a series of new measures to buoy credit. In particular, it announced that it would be buying covered bonds. The terms of the purchase will be released in early June, but the amount should be in the neighbourhood of €60B. The ECB's goal is to jump start the mortgage-backed bond market, which the crisis has hit especially hard. The purchases will be sterilized so it involves credit easing rather than quantitative easing.
- The last few months have been very difficult for Europe's economy; the first quarter's 9.7% annualized pullback by the real GDP is a good illustration of how severe the recession pummelling the zone is. However, in the last few weeks, there have been some initial signs that the pullback in activity could be starting to slow. In particular, the purchasing manager indexes and some leading indicators have posted small increases. Even the ECB's President has lately adopted a slightly more optimistic view, deeming that global economic growth was close to a turning point. Euroland data on current economic activity remain poor, however, with retail sales and industrial output still on the wane.

Forecasts: The economic and financial environment has evolved in the euro's favour in the last few months, and the US\$1.245 low should not be tested again. Investors currently seem overly optimistic, however, and the hopes of a rapid economic recovery could be disappointed. This could temporarily take the euro back below US\$1.30.

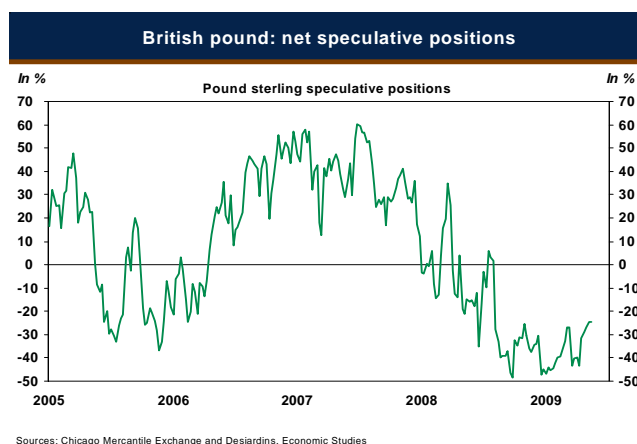
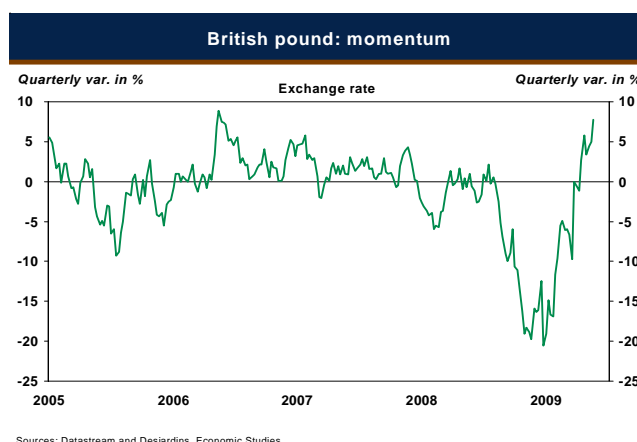
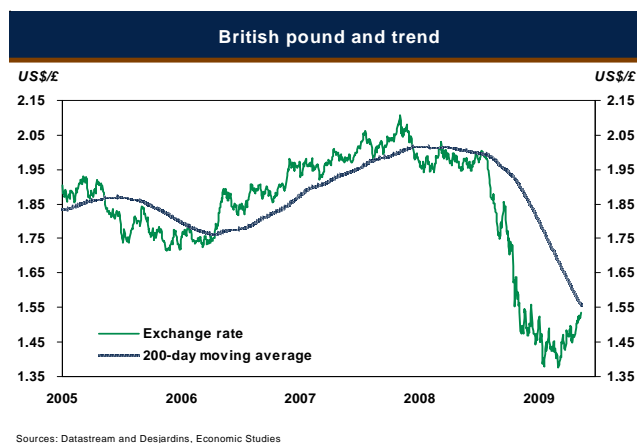


BRITISH POUND (GBP)

The pound continues to rise

- Capitalizing on easing financial strains and signs that the British economy is starting to stabilize, the pound sterling continued to surge in the last few weeks, even going over US\$1.55 for the first time since last December. For its part, the EUR/GBP remained relatively stable, at around £0.90.
- The British currency's sharp upswing since mid-March enabled it to quickly close in on its 200-day average. The message that market indicators are sending is still not clear, as the currency's momentum has now reached fairly high levels, while speculative positions are still very negative.
- Britain's economy continues to be slammed by a severe recession; its real GDP fell by an annualized 7.4% in the first quarter of 2009. However, the pound reacted very positively to increasingly promising indications that the pace of the contraction is starting to moderate. In particular, the real estate market seems to be trying to stabilize: the RICS (Royal Institution of Chartered Surveyors) survey of home prices shows that the situation is much less negative than it was a few months ago. The situation in the financial markets has also improved substantially while credit conditions are starting to relax. Despite these scattered signs of improvement, Britain's economy cannot be expected to rebound quickly. In May's Inflation Report, the Bank of England (BoE) states that the most likely scenario is a fairly slow economic recovery. As a result, it still deems that: "It is more likely than not that CPI inflation will be below the 2% target in the medium term."
- To no one's surprise, the BoE kept its key rate at 0.50% in May. In the last few months, BoE leaders have clearly stated that they consider this level a floor. However, the BoE did not stay on the sidelines, announcing that it was expanding its asset purchase program by £50B, taking it to £125B (US\$188B). The BoE anticipates that it will take three months to finalize the purchases. The pound pulled back on the news of the increase in quantitative measures but then quickly went back on an up trend after that.

Forecasts: The pound's recent movement fits our scenario, which calls for it to come back up in the medium term due, among other things, to the financial markets slowly getting back to normal. However, we think that the last few months' increase has been too fast and is based on excess optimism. The pound will thus probably correct slightly to below US\$1.50 in the short term.



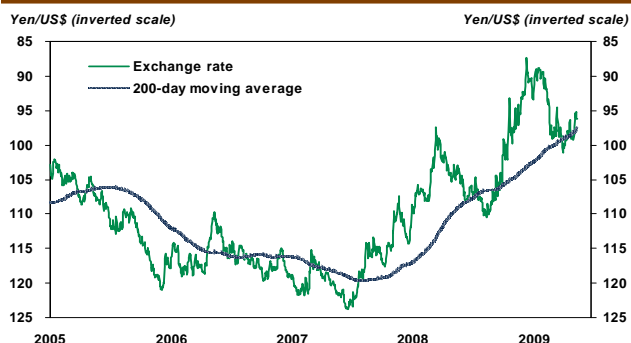
YEN (JPY)

The yen is disposed to give up ground

- The yen has depreciated substantially since January. For several days, the exchange rate even fluctuated above the 100 yen/US\$ mark in the first half of April. Since then, despite the weakness of Japan's economy and investors' improved appetite for risk, the yen has been holding below this symbolic threshold and even appreciated to 95 yen/US\$ recently.
- On a market basis, net speculative positions on the yen are now neutral and the momentum is less negative. The yen could therefore hold close to current levels for several more weeks before giving up more ground. The markets are starting to get edgy again, which does not favour sharper yen depreciation either.
- Beyond market strategies, movement by the yen's value is more dependent on the state of Japan's economy. The deterioration in global economic conditions has slammed the Japanese economy. In March, shipments abroad did go up for the first time in ten months, but there is no guarantee of further substantial improvement in the near future, aside from some signs suggesting that Asian countries may see any earlier recovery, which would, in turn, benefit Japan. The yen seems to be responding favourably to these signals since the beginning of May. Moreover, even if foreign trade were to recover more quickly than forecast, the drop in domestic demand, reflecting the decline in corporate profits, a more shaky job market and the contraction in household incomes, would continue to hurt economic growth.
- The economy's contraction, combined with the decline in primary commodity prices, has plunged Japan back into deflation. However, the Bank of Japan (BoJ) did not sit on its hands. Like other central banks, its primary key interest rate is close to 0% and an array of non-traditional measures has been deployed. Backing the central bank's action, Japan's government also announced a US\$150B economic stimulus plan. The measures should slowly make themselves felt over the next few quarters, but a true recovery still depends on the recovery of the global economy and international financial markets.

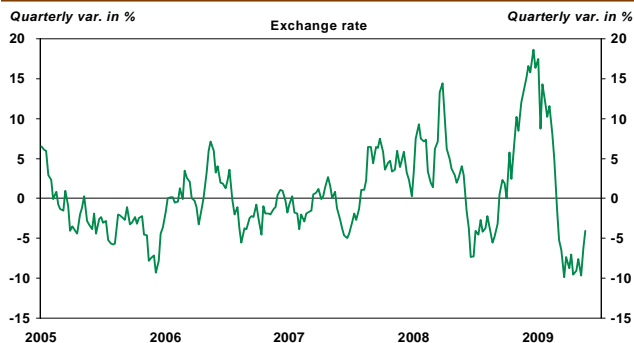
Forecasts: The yen seems disposed to give up ground over the next few quarters on its economy's ongoing weakness and slowly easing financial strains. However, technical factors and greater short-term risk aversion could keep the yen close to current levels for several more weeks.

Yen and trend



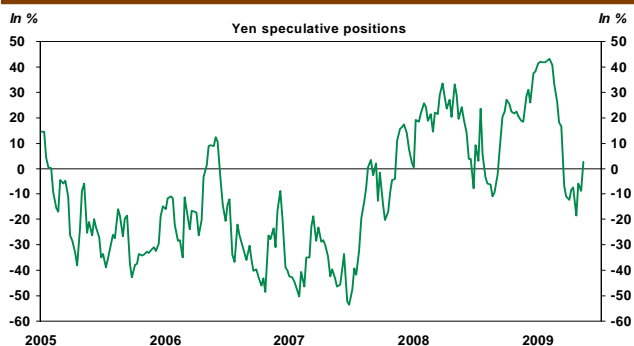
Sources: Datastream and Desjardins, Economic Studies

Yen: momentum



Sources: Datastream and Desjardins, Economic Studies

Yen: net speculative positions



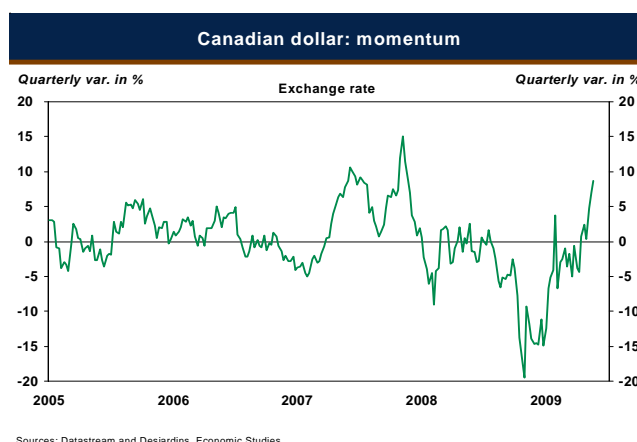
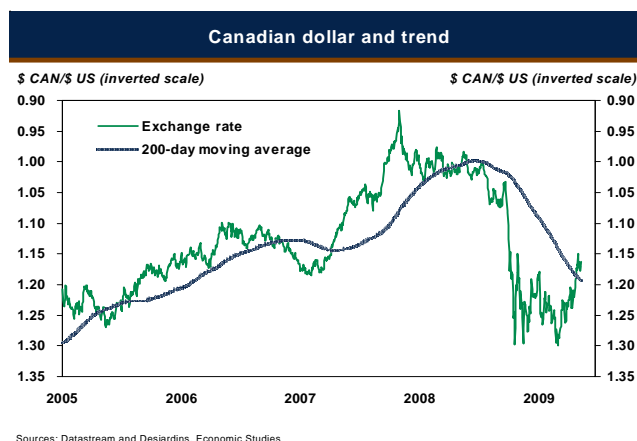
Sources: Bloomberg and Desjardins, Economic Studies

CANADIAN DOLLAR (CAD)

The loonie maintains its momentum

- The Canadian dollar has continued to surge in the last few weeks. From a peak of C\$1.3065 on March 9, the USD/CAD went to almost C\$1.15 in early May, gaining near 14% in just over two months. This is partially a reflection the greenback's decline in popularity but, more particularly, the fact that oil prices went back over US\$60 recently.
- On a market basis, the indicators are pointing to further gains for the currency. It has crossed its 200-day moving average, speculative positions have swung back in the loonie's favour and its momentum is slightly positive.
- While a number of statistics suggest some stabilization or even improvement in the economic situation, overall, the economy's fundamentals are still unfavourable to the loonie. The merchandise trade balance improved in March, but this reflects greater deterioration in imports than exports. Moreover, auto sales seem to be trying to stabilize, but the level is well below the pace recorded in 2008. Surprisingly, the job market created a net 35,900 jobs in April, but this followed an average loss of 90,000 jobs a month over the first three months of the year.
- In April, the Bank of Canada (BoC) decided to relax its monetary policy by one final notch, lowering the key rate by 25 basis points to a historic low of 0.25%. Reaching this floor brings an end to the 425 points of monetary easing ordered since December 2007.
- Our growth estimates for the Canadian economy (similar to the BoC for 2009, but more negative for 2010) are compatible with a substantial increase in the output gap, which could go to almost 6% at the end of 2009 and will be hard to close in the coming years. The surplus capacity will keep downside pressure on prices and, although we are not anticipating any ex-energy deflation, there is a substantive risk that the inflation target may not be met over the medium range.
- Conditional upon its inflation scenario, the BoC committed to keeping the key rate at 0.25% until the second quarter of 2010. In the event of further shocks, it intends to turn to credit and quantitative easing.

Forecasts: In the very near term, we could see ongoing enthusiasm for the Canadian dollar, but the stock markets' expected correction poses a risk in the next few weeks. Adopting a quantitative policy could temporarily make the USD/CAD pair approach C\$1.25. Consolidating commodity prices should allow it to avoid the worst but, due to the widespread economic downturn, we must remain cautious.



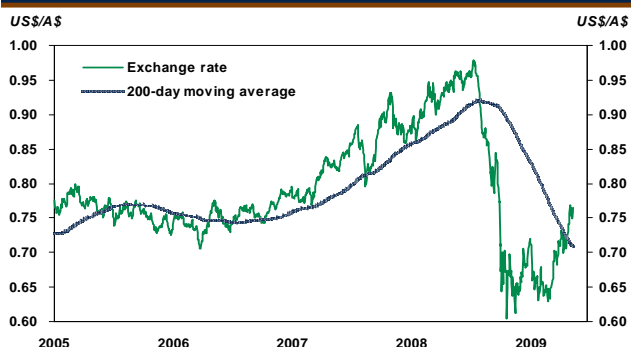
AUSTRALIAN DOLLAR (AUD)

In the short term, the risks of correction continue to dominate

- Maintaining its momentum, the Australian dollar reached a six-month peak at US\$0.7768 on May 19. The determinants are the same: resource prices are rising, risk aversion is fading and the U.S. dollar's trend is to the down side. These supports have weakened somewhat in the last few days and the currency gave up some of its gains. Any further correction will, however, be limited by the fact that Australia's economy has not slumped as much as other industrialized economies, and it does not need its monetary policy to be as relaxed.
- On a market basis, net speculative positions are not yet showing any overvaluation, historically speaking, but the momentum is high, attesting to overly rapid appreciation by the currency. Moreover, this is an unusual climate, as there is room for doubt about the economic recovery's imminence and strength, maintaining the risks of a short-term correction by Australia's currency.
- Australia's real GDP fell 0.5% in the fourth quarter of 2008 and it is expected to decline again in Q1 of 2009. The economy is being hurt by the drop in global demand for commodities. The decline in consumer and business confidence and the sharp drops in wealth and credit have also helped the situation to deteriorate. However, the picture is not as gloomy as it is elsewhere and there are more convincing signs of a potential recovery. Confidence is up, credit is rising again, the trade balance is improving and 27,300 new jobs were created in April, taking the jobless rate down to 5.4%. Moreover, Australia's proximity to Asian markets would give it a net advantage if Asia really manages to get out of the crisis ahead of the rest of the world.
- In early May, the Reserve Bank of Australia opted to keep its primary key interest rate at 3%. The monetary easing cycle there seems to have concluded and the latest economic indicators bolster this scenario. Inflation is also higher there than it is elsewhere, with an annual change in prices of 2.5% in the first quarter. The government is also taking enormous action in the economy, with recovery plans that correspond to about 4% of GDP.

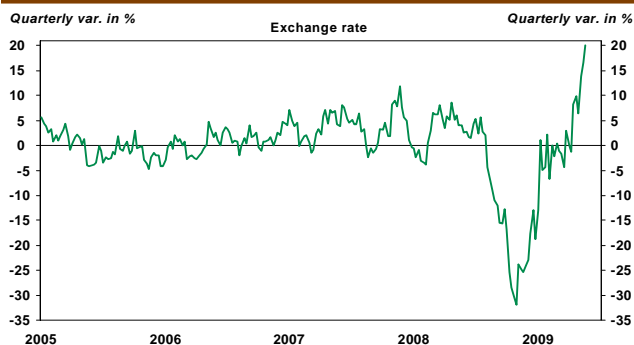
Forecasts: According to our analysis, it is still too early for the rebound by markets and commodity prices to last. For the Australian dollar, in the short term, the risks of correction continue to dominate. However, Australia's higher interest rates and an economy that is in better condition will limit the pullbacks. Over the medium term, the outlook for the Australian dollar is favourable.

Australian dollar and trend



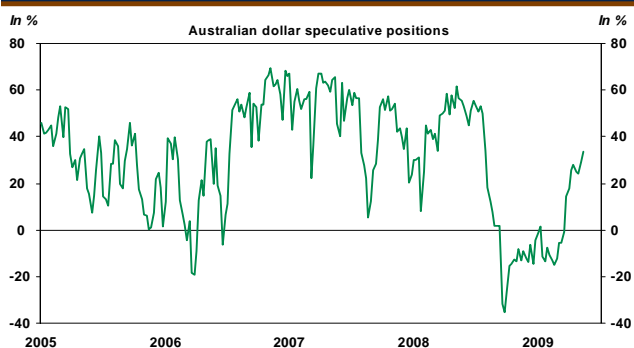
Sources: Datastream and Desjardins, Economic Studies

Australian dollar: momentum



Sources: Datastream and Desjardins, Economic Studies

Australian dollar: net speculative positions

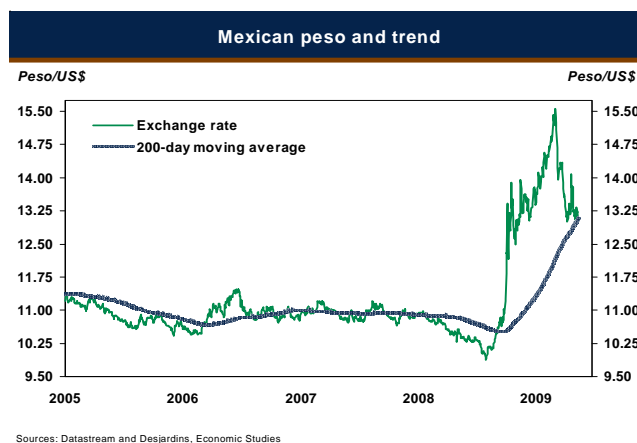


Sources: Datastream and Desjardins, Economic Studies

MEXICAN PESO (MXN)

The peso's health oscillates in tandem with Influenza A (H1N1)

- The peso has been highly volatile in the last few weeks. After a spectacular rebound that took the USD/MXN pair from a high of 15.58 pesos on March 9 to close to 13 pesos in mid-April, Mexico's currency was thoroughly shaken by the Influenza A (H1N1) outbreak in Mexico at the end of last month. The Mexican stock market instantly dropped almost 5%, making the peso correct by over 7% against the greenback. These losses were ephemeral, however, because of the contained pandemic risk.
- Beyond the easing of the risks associated with the flu and drop by the greenback, the Mexican economy's fundamentals are playing against the peso. Following an annual 1.6% drop by real GDP at the end of 2008, the economy is expected to contract almost 8.0% in the first quarter of 2009. Moreover, economic activity came to an almost complete halt in Mexico in May, which does not augur well for the current quarter's growth.
- To deal with the situation, the Bank of Mexico lowered its key rate by 75 basis points to 5.00% on May 15. Although annual inflation could accelerate to almost 6.15% in April, the monetary easing was needed to stave off a total collapse in economic agents' confidence.



CHINESE YUAN (CNY)

The signs of an improving economy are mixed

- Although there were a number of encouraging signs in the last few weeks, nothing can really guarantee that the Chinese economy will see an early recovery. The exchange rate should stay close to 6.82 yuan/US\$ until at least the end of the year.
- The PMI indexes rose in April, showing that Chinese manufacturer confidence has improved. Domestic demand also seems to be holding up, with an increase in the annual change for retail sales and imports in April. However, the trade figures factor in the fact that China is importing more raw materials to increase its stocks. Foreign demand is still weak. Exports pulled back again and the trade balance recently hit US\$13.1B, down by more than US\$5B from March. Industrial production also fell in April.
- The annual change of several indicators are pointing to deflation, with consumer prices at -1.5%, producer prices at -6.6% and wholesale prices at -7.1%. The surge in raw material prices should nevertheless reintroduce inflationary pressures. The money supply is also growing rapidly and the government's stimulus plan should have some impact.

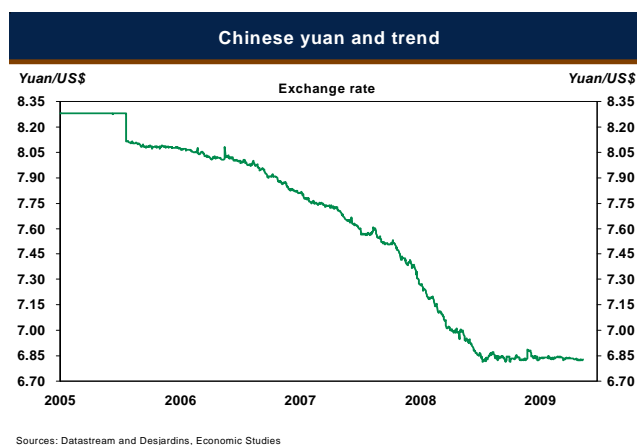


Table 1
Currency market

Country – Currency*	Spot price	Percentage return since					Last 52 weeks		
	May. 18	1 month	3 months	6 months	1 year	Higher	Average	Lower	
North America									
Canada – dollar	1.1655	-4.11	-7.66	-4.86	16.82	1.3001	1.1512	0.9831	
Canada – (CAD/USD)	0.8580	4.29	8.29	5.11	-14.40	1.0172	0.8686	0.7692	
Mexico – peso	13.1328	-0.52	-10.68	-0.49	25.90	15.3835	12.3961	9.9169	
South America									
Argentina – peso	3.7288	1.29	6.28	12.29	17.95	3.7288	3.3280	3.0130	
Brazil – real	2.0802	-5.07	-11.74	-9.18	26.28	2.5935	2.0404	1.5590	
Asia									
China – yuan renminbi	6.8283	-0.08	-0.15	0.04	-2.36	6.9935	6.8486	6.8119	
South Korea – won	1,259.60	-5.42	-14.23	-13.04	21.02	1,570.65	1,253.04	1,002.40	
Hong Kong – dollar	7.7536	0.04	-0.02	0.04	-0.60	7.8146	7.7711	7.7500	
India – rupee	47.6200	-4.36	-4.56	-4.00	12.28	51.9835	47.0831	41.9805	
Japan – yen	96.23	-2.94	2.76	-0.70	-7.53	110.54	99.87	87.36	
Europe									
Denmark – krona	5.4946	-3.81	-7.42	-6.78	14.74	5.9827	5.3815	4.6796	
Euro zone – (EUR/USD)	6.4576	-3.54	-8.30	-8.46	28.50	7.2360	6.2253	4.9708	
Norway – kroner	1.5308	3.40	7.88	1.99	-21.64	2.0069	1.6560	1.3669	
Russia – ruble	32.1272	-4.01	-11.59	17.08	35.36	36.3638	28.5122	23.1169	
Sweden – krona	7.7089	-8.78	-12.03	-3.93	28.92	9.3156	7.3890	5.8962	
Switzerland – swiss franc	1.1195	-3.92	-5.09	-6.73	6.84	1.2247	1.1161	1.0048	
United Kingdom – (GBP/USD)	1.3492	3.43	7.67	6.70	-13.25	1.5972	1.3930	1.2449	
South Pacific									
Australia – (AUD/USD)	0.7647	5.93	19.73	17.55	-19.99	0.9786	0.7492	0.6036	
New Zealand – (NZD/USD)	0.5947	4.72	16.45	7.72	-23.12	0.7893	0.6119	0.4924	

* In comparison with the U.S. dollar, unless otherwise indicated.

Note: Currency table base on previous day closure.

Table 2
Currency market: history and forecasts

End of period	2008		2009				2010			
	Q3	Q4	Q1	Q2f	Q3f	Q4f	Q1f	Q2f	Q3f	Q4f
American dollar										
Canadian dollar (USD/CAD)	1.0630	1.2189	1.2630	1.2195	1.1628	1.1111	1.1111	1.0870	1.0526	1.0000
Euro (EUR/USD)	1.4047	1.3901	1.3277	1.2600	1.2800	1.3000	1.3250	1.3580	1.3910	1.4240
British pound (GBP/USD)	1.7825	1.4378	1.4334	1.4500	1.5500	1.6000	1.6500	1.7000	1.7500	1.8000
Yen (USD/JPY)	106.00	90.74	98.91	100.00	102.00	105.00	105.00	105.00	100.00	98.00
Australian dollar (AUD/USD)	0.7700	0.6500	0.6910	0.7200	0.7500	0.7800	0.8000	0.8400	0.8700	0.9000
Mexican peso (USD/MXN)	10.80	12.50	14.17	12.00	11.50	11.00	11.00	11.00	11.00	11.00
Chinese yuan (USD/CNY)	6.82	6.82	6.83	6.80	6.70	6.60	6.40	6.25	6.00	6.00
Effective dollar* (73 = 100)	76.13	79.41	83.23	81.00	79.00	77.00	77.00	75.00	73.00	72.00
Canadian dollar										
American dollar (CAD/USD)	0.9407	0.8204	0.7918	0.8200	0.8600	0.9000	0.9000	0.9200	0.9500	1.0000
Euro (EUR/CAD)	1.4931	1.6943	1.6769	1.5366	1.4884	1.4444	1.4722	1.4761	1.4642	1.4240
British pound (GBP/CAD)	1.8947	1.7525	1.8103	1.7683	1.8023	1.7778	1.8333	1.8478	1.8421	1.8000
Yen (CAD/JPY)	99.71	74.44	78.31	82.00	87.72	94.50	94.50	96.60	95.00	98.00
Australian dollar (AUD/CAD)	0.8185	0.7923	0.8727	0.8780	0.8721	0.8667	0.8889	0.9130	0.9158	0.9000
Mexican peso (CAD/MXN)	10.16	10.26	11.22	9.84	9.89	9.90	9.90	10.12	10.45	11.00
Chinese yuan (CAD/CNY)	6.42	5.60	5.41	5.58	5.76	5.94	5.76	5.75	5.70	6.00

f: forecasts; * Trade-weighted against major U.S. partners.

Sources: Datastream, Federal Reserve Board and Desjardins, Economic Studies