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APRIL 30, 2010, 3:25 P.M. ET

# Canada Dollar Down Sharply In Choppy, Flow-Driven Trading

Article

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By Don Curren Of DOW JONES NEWSWIRES

TORONTO (Dow Jones)--The Canadian dollar ended sharply lower Friday as month-end flows buffeted the currency despite some solid domestic growth data.

The U.S. dollar was trading at C\$1.0167 at 3:23 p.m. EDT (1923 GMT), from C\$1.0043 at 8:00 a.m. EDT (1200 GMT), and from C\$1.0064 late Thursday.

After dipping as low as C\$1.0018 in overnight trading, the U.S. dollar rebounded in North American activity, ultimately hitting a session high of C\$1.0178, according to EBS via CQG.

"I think it's some flows, probably a combination of month-end and other flows," said Camilla Sutton, currency strategist at Scotia Capital.

Month-end flows and position squaring ahead of a potentially eventful weekend played a key role in the currency's fluctuations, with market players expecting the possible emergence of details of an aid package for Greece during a weekend meeting of Eurogroup finance ministers.

"I don't think fundamentals are playing a big role here. It's just positioning ahead of the weekend," said Don Mikolich, executive director of foreign exchange at CIBC World Markets.

The currency shrugged off news that Canada's gross domestic product rose 0.3% in February, slowing from 0.6% the previous month, matching market expectations.

However, news that the industrial product price index declined 0.4% in March after a 0.1% gain the previous month might have contributed to the Canadian dollar's decline, said Scotia's Sutton.

"Potentially, the market was a little bit relieved at today's pricing data showing that there really isn't a lot of pricing pressure in the pipeline," she said.

Technical indicators are suggesting the U.S. dollar could push higher against its Canadian counterpart in the coming sessions, but the Canadian dollar is positioned to resume its stronger posture after that, she said.

"I think once we get through the next few sessions, the more medium-term view is still that dollar/Canada moves lower," Sutton said. "Everything fundamentally is in order for that to happen," she said.

The U.S. dollar's break through resistance levels against the Canadian unit on Friday suggests it could move substantially higher, said Ryan Gibbons, managing partner at GPS Capital Markets in Sault Lake City.

It could move above the C\$1.0250 level next week, opening the door to further gains by the U.S./Canadian dollar pair, he said.

"If we close higher than C\$1.0250, then we're back to C\$1.0313," Gibbons said.

These are the exchange rates at 3:23 p.m. EDT (1923 GMT), 8:00 a.m. EDT (1200 GMT), and late Thursday.

USD/CAD	1.0167	1.0043	1.0064	EUR/CAD	1.3537	1.3379	1.3330	CAD/JPY	92.49	94.13	93.49
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