

# Dollar rises after news of job gain in April

May 09, 2009

The Canadian Press

TORONTO

The Canadian dollar bulked up by more than 1 1/2 cents US yesterday to a six-month high, lifted by brightening economic hopes supported by better-than-expected job data.

The currency jumped to 86.91 cents US late in the afternoon, a gain of 1.62 cents from Thursday's close. This was up from below 77 cents in early March. It was the loonie's highest level since it spiked up by more than two cents on Nov. 4 as Americans elected Barack Obama -- a gain the Canadian currency quickly surrendered as it resumed a decline from almost 97 cents last September and from parity a year ago.

Yesterday's upward move came after Statistics Canada reported the economy added 35,900 jobs last month -- confounding economist expectations that losses would continue for a sixth month, likely by 50,000.

The currency was further bolstered by hopeful signs in Canada's main export market, as the United States shed 539,000 jobs, the fewest in six months and far smaller than market expectations of 620,000 job cuts.

The loonie also got support from oil. The near-month crude contract was up \$1.92 to US\$58.63 a barrel on the New York Mercantile Exchange, continuing an upturn after trolling around the \$50 range for more than month.

"Oil prices are being driven higher by optimism over economic recovery and in response to soaring equities and associated weakness in the U.S. dollar," said British energy consultancy KBC Market Services.

The economic numbers support the so-called "green shoots" thesis that recent data indicate signs of revival. "All in all, we're seeing that growth currencies like Canada are doing very well as commodities are having a good run, and the world is focusing on the potential that global growth comes back," said Camilla Sutton at Scotia Capital.