



▶ Canadian Dollar's Impact on Saskatoon Region Economy

INTRODUCTION

The Canadian dollar started this year off at its lowest level against the U.S. dollar in over 10 years. Since then the loonie has risen, however by historical standards it remains low. While the low loonie can make vacationing abroad more expensive, it also provides a support to Saskatoon Region companies exporting into the U.S. market and to local resource companies with commodities priced in U.S. dollars.

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As of yesterday, the loonie sat at US\$74.2 cents. So far in 2016 the loonie touched a low of US\$68.5 cents on January 20th and a high of US\$79.7 cents on April 28th (Bank of Canada Noon Rates).

THE DETAILS

Overall, a lower loonie has the effect of encouraging Canadian exports while reducing imports. This helps firms based in Canada grow sales to U.S. customers and incentivises local companies to buy locally.

Sectors of the Saskatoon Region economy that benefit from a low loonie include manufacturing, agriculture, mining, oil and gas and tourism. For Saskatoon Region manufacturers selling products to U.S. customers, a lower loonie means they can be more price competitive versus U.S. based companies producing similar products. For local mining and oil and gas companies, prices for their products, including crops, livestock, potash, uranium and oil are all priced in U.S. dollars, while production costs are mainly incurred in Canadian dollars. This means the Canadian dollar price for resources rises as the value of the loonie falls.

\$Canada-\$US Exchange Rate



Source: Bank of Canada

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