

Tuesday, 23 - June, 2015

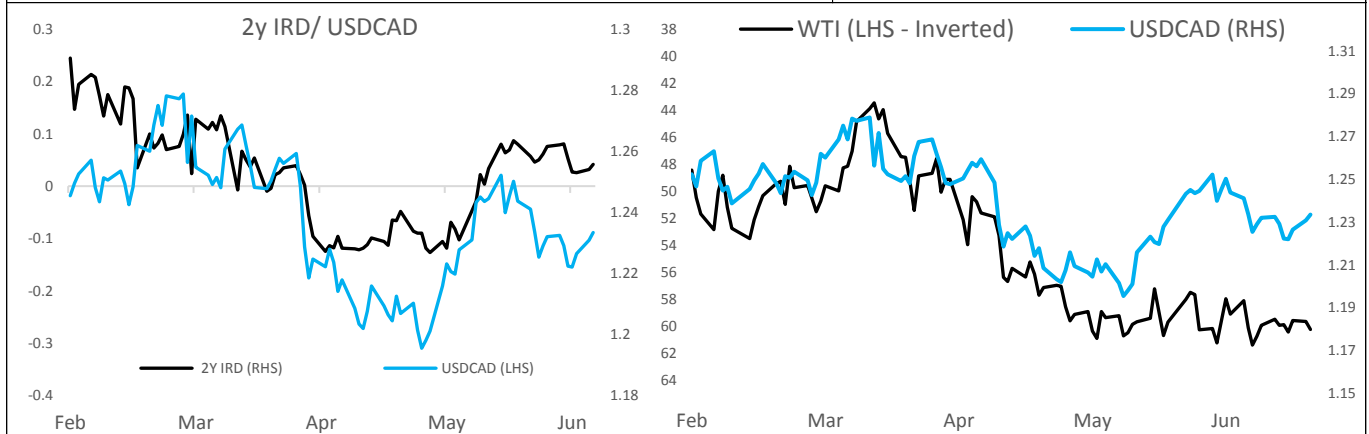
USDCAD	OPEN	HIGH	LOW	CLOSE	Range (Pips)
NY	1.2342	1.2382	1.2315	1.2308	67
TOKYO	1.2308	1.2344	1.2308	1.2342	36
LONDON	1.234	1.2382	1.2315	1.2285	67

MTD% chg    3M% chg    6M% chg    YTD% chg  
▼ -0.89%    ▼ -1.50%    ▲ 6.21%    ▲ 6.16%



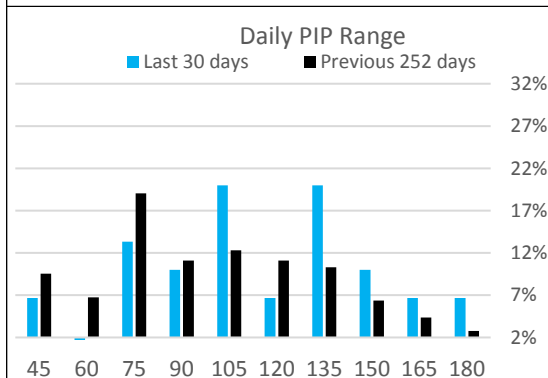
**USDCAD Market Update**

The BoC noon day rate was 1.2288 yesterday. The Canadian dollar continued to weaken to a two-week low this morning against the U.S dollar. The Loonie is stronger versus most of its key trading partners despite its weakness against the greenback. Crude oil has reversed course this morning coming off a \$59.60 bottom now trading \$60.98 up 1.00%. U.S Treasury prices fell for a second straight day after U.S Fed. Reserve governor Jerome Powell said the central bank could raise rates in



USDCAD correlation to 2Yr. IRD has flagged this week versus last. The spread has widened to -5.5 basis points, while the ten-year spread was -57.2 basis points. Risk is for continued weakness as the pair moves higher in-line with policy fundamentals.

Durable goods orders data suggests manufacturing is stabilizing. Core capital goods orders rose 0.45 in May, shipments increased 0.3% and U.S new home home sales were up 2.2% to a seven year-high. USDCAD - WTI correlation was stronger yesterday than the previous week at (r-squared .78) but has fallen back to .61 as oil prices strengthen ahead of inventory numbers.



**USDCAD 10-day annualised volatility** has spiked to 8.52% up from 7.23% last Thursday. Currency markets have been dominated by euro-centric trading, economic data and oil prices - WTI volatility is sharply higher this week at 40%

Over the last 30 trading days the average daily range was 119 pips per day, versus the previous 252 day average of 98 PIPS. There has been 3- times as many days with 135+ pips of range versus the previous 252 days. Volatility is expected to increase ahead of rate normalization and 'GREXIT'



