

Business communications

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Business Communication In economic point of view, the rate at which a currency trend against other world currency holds a great impact to the general economy. Canada being among the largest exporters in resource-based goods highly depends on the stability of the exchange rates. A decline in the value of the Canadian dollar against the U. S. dollar has advantageous and disadvantageous sides to the Canadian economy considering the balance of trade.

Considering the fact that the Canadian economy depend on its bilateral trade, it is true that in the event \$1 CAD compares to \$ 0. 80-0. 85 U. S., then normally the exports is going to be affected negatively. The balance of trade becomes affected in such cases, thereby adversely affected the economy as whole.

The Canadian dollar is positively correlated to the strength of the world commodity prices. This situation will boost imports as most traders will find it highly profitable to export to Canada at a comparatively lower exchange rate compared to the U. S. dollar. However, the exports will be affected negatively since it will be comparatively expensive to export Canadian products compared to the U. S. products.

In conclusion, the fact that the recent report on the Purchasing Power Parity estimates a bundle of goods that cost a consumer \$1 CAD in Canada would cost in the range of 80-85 US cents in the United States is a strong indication that some economic improvement should be done. As the Canadian dollar trends along these ranges, the Canadian consumers are, and will be paying a significant value on their goods compared to their counterparts in the United States.