

# [Speculative selling, while speculative risk is the consequence](https://assignbuster.com/speculative-selling-while-speculative-risk-is-the-consequence/)

Speculative demand is the command for monetary worldly goods that is not dictated by real dealings such as buying and selling, while speculative risk is the consequence in indecisive amount of put on or hammering. All speculative risks are made with intent and not out of unmanageable state of affairs. It is therefore understandable that when the Canadian dollar goes down the prices of oil’s raw products go down hence prices of processed fuel drop. This unprocessed product is crude oil. Canada being a small country as compared to the united states makes oil which is an international product priced in united states dollar, commonly truncated as (us$). When the prices of oil priced in the united states dollar goes up, oil companies in Canada receive more United States dollars (us$) and in view of the fact that many bills like paying human resources and paying taxes are catered for in Canadian dollar , United States dollar needs to be exchanged for Canadian dollars on foreign exchange markets.

When they have many United States dollars, supply goes high and demand for Canadian dollars goes up. Producers of oil sell products in a global market using the United States dollar hence have to consider its future purchasing power. How it translates into goods and services back at home is their main interest. Calgary which was the biggest oil scuttle forward came to an end bringing down the fuel prices as low as us$100 per unit in New York reporting the hugest jump down in a period of two years. A lot of stock was carried away during the price increases period and many oil producers who were heavily stocked suffered great fatalities. According to McNeill, an independent resource analyst based in Toronto the investors were up unreasonably to the extensive ranging market along with being susceptible. The death of Osama bin laden and impact of many commodity prices going up has made many big investors fear getting additional stockpile or any event being conducted from anywhere outer surface Canada.

A number of market analysts are arguing that the passing away of Osama bin laden could bring many changes in to the world politics and risks in going down as a result. Redundancy levels in the United States have gone up demonstrating that its financial system is not stable. It should check its quantitative easing to motivate its national economy since it would be a result of ineffective monetary policy. QE (quantitative easing) is a line of attack of lowering the interest rates by increase in money supply and so decreasing the value of the United States dollar. In order for the gross domestic price (GPO) to go high, speculation and utilization of resilient goods should be greater than before.

According to a labor subdivision in the United States, the number of made redundant aid filled rose to four hundred and seventy four thousand from a mere forty three thousand. This equals to claims piled up for eight months. Apart from bad weather, demand is greatly affected by very high prices and a scrawny pecuniary system. In conclusion, a lot of depositors make speculative risks since some of them set very high prices on their merchandise in very deprived economies. Demand, risk and supply go together and a rise in one show the way to either an augment or diminish to the other.