

Outside influences on flax markets



Canadian Dollar: Canada's dollar will strengthen to \$1.03 by the end of the first quarter next year, according to the median forecast of 37 economists and analysts surveyed by Bloomberg News. Canada's currency, gained 15 percent this year against the USD, outperforming 10 of its 16 most-traded counterparts tracked by Bloomberg. The U.S. dollar fell against all of them. The loonie depreciated 1.2 percent on Dec. 8, the most in almost two weeks, after Bank of Canada policy makers held interest rates at a record-low 0.25 percent and pledged to keep them there until mid-2010 depending on inflation.



TSX: The TSX moved lower last week, leaving it about 450 points below the 11,878 high for the year set in early November. The index is up about 28% year to date, and more than 50% from the lows of early March, but the rally has been looking stretched as investors look for a reason to send stocks higher in an environment many analysts call fairly-valued.



Crude Oil: Crude oil traded near \$71 a barrel in New York on December 16th, after rising for the first time in 10 days on a report that U.S. factories churned out more goods in November than anticipated, a signal fuel demand may increase. Oil snapped its longest decline since 2001 yesterday. OPEC will need to produce 28.61 million barrels a day to satisfy demand in 2010, it said in an e-mail report yesterday. That's about 100,000 barrels a day more than last month's projection and represents an increase of 30,000 barrels a day from 2009, the first annual gain in three years.



Baltic Dry Index: While freight rates, an indicator of health of the shipping industry, have moved up from their September lows this year, a faster global economic recovery seems to be the best bet in tackling over capacity and a slump in demand. The BDI has moved up about 70 per cent over its September lows. While this trend is positive, the index is still 69 per cent down from its highs of May last year, when it was trading at 10,000 levels.