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## Canadian dollar stumbles

*By Dan McLean  
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The Canadian dollar has stumbled in recent months and is approaching its five-year low.

Much of last week, a Canadian dollar was worth less than 80 cents. At its peak in late 2007, the "loonie" was worth more than its American counterpart, hitting \$1.07 in November -- the first time the Canadian dollar was worth at least one U.S. dollar in 30 years.

The erosion of the Canadian dollar is directly connected to the fall in oil and natural gas prices, which are major Canadian exports, Avery Shenfeld, senior economist for Toronto-based CIBC World Markets, said Thursday.

"That, combined with a recession in Canada, is going to slow traffic and shopping trips to the U.S.," he said.

The falling buying power of the Canadian currency has reduced the amount being spent in Vermont's stores by our northern neighbors, said Tasha Wallis, executive director of the Vermont Retail Association.

"When the Canadian dollar was high in the late fall of 2007, we saw a tremendous influx of Canadian shoppers," Wallis said.

But when currency markets shifted, and the Canadian dollar plummeted to 78 cents this past November, shopping habits changed. "This certainly had an impact on what Canadians had to spend in Vermont during the holiday shopping season," she said.

The rapid fall in the Canadian dollar has been brought about by the deep global recession, rising Canadian unemployment, falling inflation and weak global trade, according to a Wednesday story in Canada's Financial Post.

The Canadian dollar grew stronger because of Canada's "red-hot commodity and energy markets and huge capital inflows" from mergers and acquisitions of Canadian firms, Jeff Rubin, chief strategist and chief economist for CIBC World Markets, said in summer 2007, shortly before the Canadian dollar spiked.

Despite the fall in the loonie's value in recent months, Burlington International Airport is still seeing a large number of Canadian passengers, said Bob McEwing, the airport's director of planning and development. Fares from Burlington are substantially cheaper than flying from Canada, he said.

Vermont's mountain resorts are also seeing a solid number of visiting Canadian skiers and snowboarders, said Parker Riehle, executive director of the Vermont Ski Areas Association.

"At least at this point in the season, it does not appear to have done that, to dry up that well," Riehle said of the weakening Canadian currency.

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