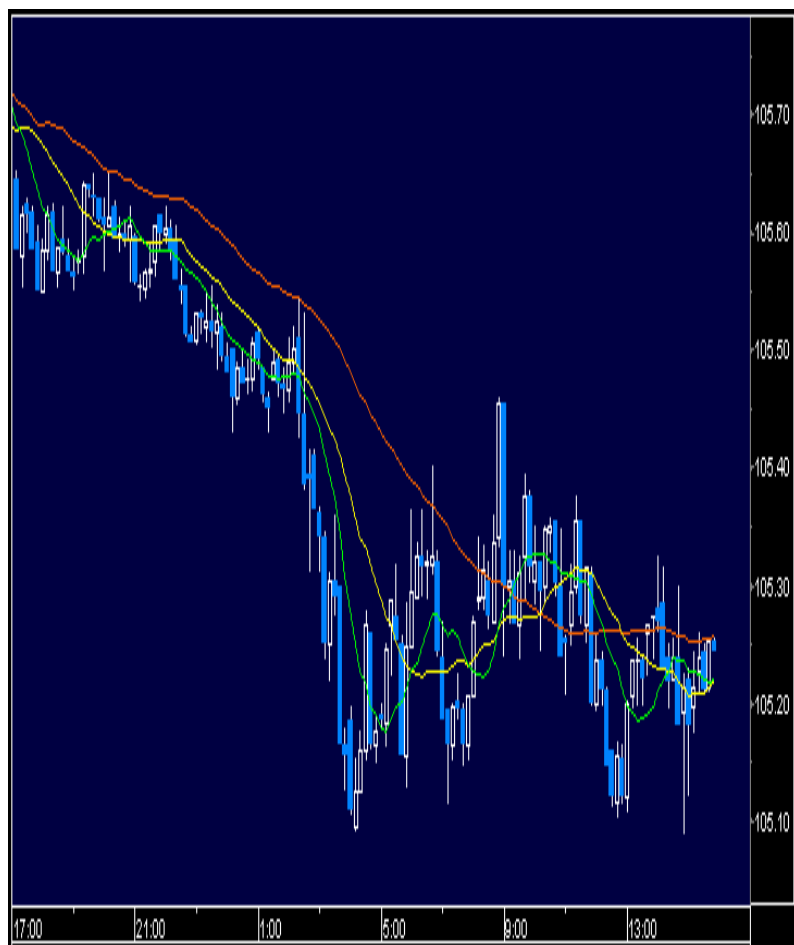


October 11, 2006

U.S. SESSION (as of 4:00 PM EST)

Today's Largest Percentage Movers:

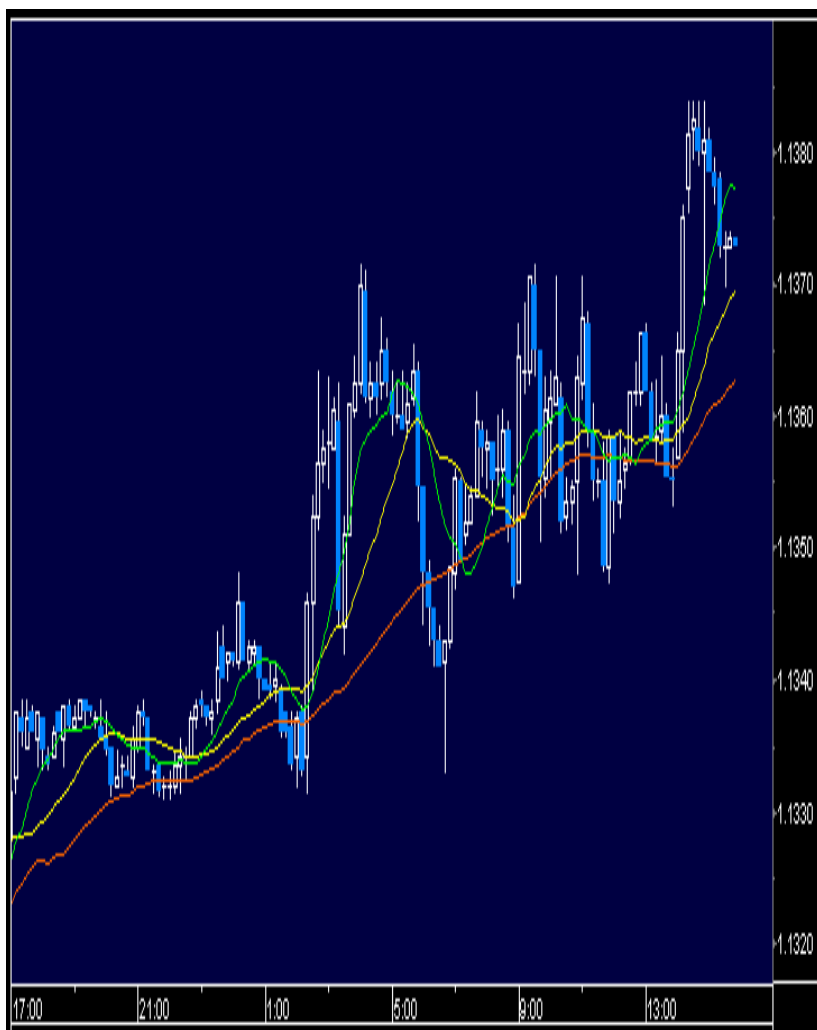
Currency	Daily Percentage Change (%)	Intraday High	Intraday Low	Day's Range (pips)
CADJPY	-0.3%	105.73	105.01	72
USDCAD	+0.3%	1.1387	1.1325	62
AUDCAD	-0.2%	0.8481	0.8418	63



Source: Bloomberg

CADJPY

Canadian dollar selling continued against the Japanese yen in the overnight following yesterday's decline through key technical levels. Assisting in the decline were better than expected machine tool orders report from the world's second largest economy. Expected to rise incrementally, the report bested consensus estimates rising 5.3 percent in the month of September. Although not an all out reliable report on exports, the survey does continue the string of economic reports that have purported the notion of growth and expansion in the economy. Additionally lending to some yen strength were lower crude oil contracts on the NYMEX. Trading through the key \$59 and \$58 a barrel support figures, the contract looks to have plenty of bearishness behind, even subsequent to the release this morning of an imminent production cut by OPEC nations. In order to stabilize prices and keep a fair price in the market, officials decided to cut production by 1 million barrels a day. However, after the initial flurry, it became apparent to the market that a production cut at this point may not be as effective with global supply mounting on unused portions on summer estimates. As a result, lower prices are likely to hamper exporting countries including Canada, as valuations decline.

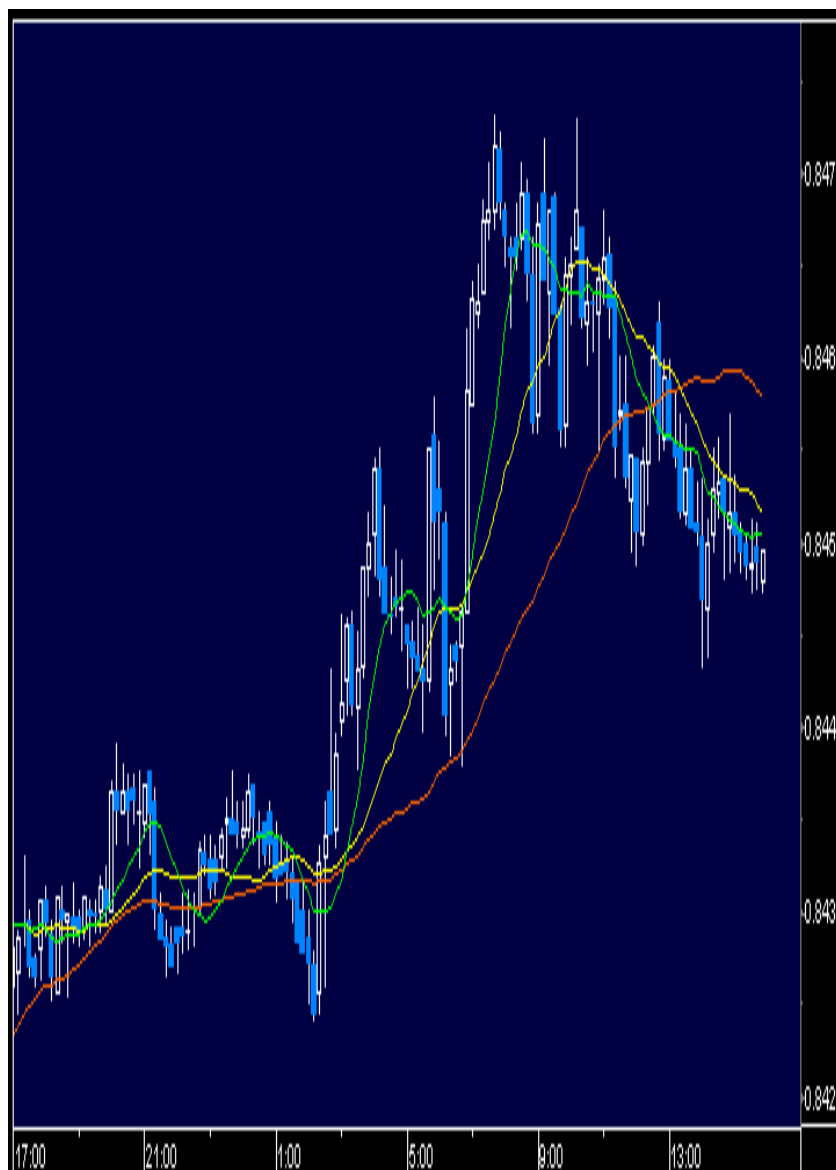


USDCAD

The dollar received some good news on the day following the release of the Federal Reserve meeting minutes. Although paring back suddenly on a potential terrorist threat in New York, overall dollar bullishness could be felt as it was apparent that interest rates would not be cut any time soon. Citing the continued existence of inflationary pressures and likelihood of a renewed surge in higher prices, policy makers will remain "quite vigilant" and dependant on upcoming economic variables. Definitely more hawkish than the market anticipated, the minutes added to some strength for the dollar, while the market awaits releases of the advance retail sales figures and the University of Michigan's consumer sentiment survey.

Consolidating currently, the USDCAD currency pair is setup for a pullback in the Asian session with traders seeing some overextension. Both Stochastic and MACD are showing a bearish divergence on the 60-minute chart. The price action has broken to the topside resistance on the daily chart at 1.1300 as bulls continue to set up for a retest of the 1.1500.

Source: Bloomberg



Source: Bloomberg

AUDCAD

Pressuring the AUDCAD currency pair in the New York session was optimistic data for the Canadian economy. With releases being viewed as typically lackluster over the past couple of months, today's housing prices report injected some much needed volatility into the loonie. Citing the fastest rate of increase in housing since 1989, Statistics Canada released figures that topped consensus estimates and laid the groundwork for further speculation that the economic slowdown may not be as bad as previously estimated. For the monthly comparison, the report increased by 1.5 percent. Subsequently, this boosted the overall annualized figure by 12.1 percent with areas like Alberta seeing increases of 61 percent. A simple shortage seems to be attributed to the climb with higher wages adding to the overall support valuation.

The day's advance compares to what would have been an Australian dollar led day following comments by newly appointed Reserve Bank of Australia Governor Glenn Stevens. In his first speech since taking the head role on, Stevens stated the need for central bankers to remain watchful of inflation clarifying that further emphasis will be placed on near term economic reports. Given the string of consecutive suggestions of expansion in the Pacific Rim economy, the comments fed further speculation of near term rate hikes as the economy continues to sport a 4 percent rate of inflation.

Testing the channel trendline support, the AUDCAD is expected to consolidate heading into the Asian hours. The current support correlates with support at the 0.8441 figure (23.6 percent fib from the day's move higher). With stochastic already dipping well below the overbought level, favor is siding with a topside advance as bulls continue to eye the even 8500 handle. However, failure here would give bears enough reason to pounce till support floors are established at the 0.8393 floor (61.8 percent fib from the session advance).