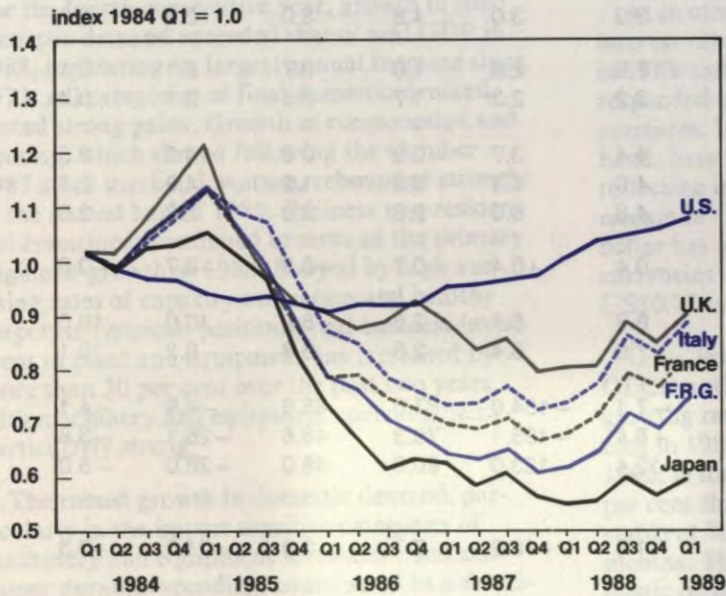


# COMPARATIVE ECONOMIC CHARTS

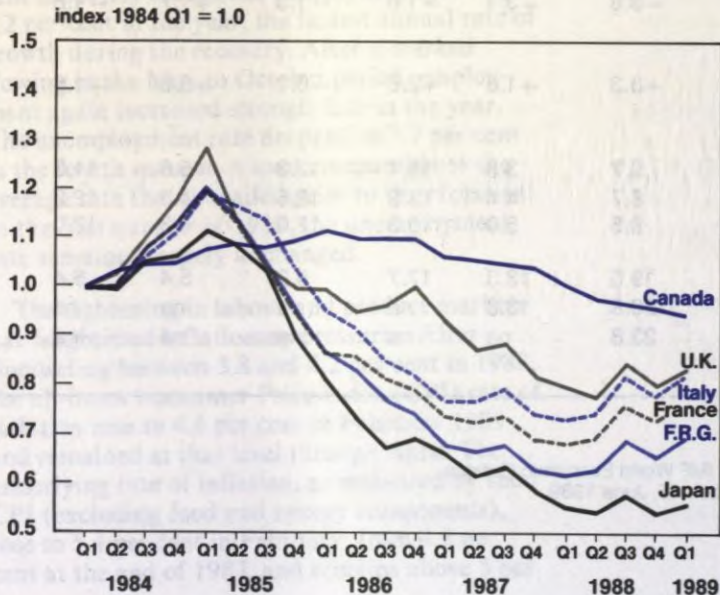
**Chart 1**  
**Canadian Dollar Movements**  
**against G-7 Currencies**



As in 1987, the Canadian dollar continued to appreciate against the U.S. dollar through 1988, driven by a high level of confidence in the Canadian economy, rising commodity prices and interest rate differentials with the United States. The appreciation against the U.S. dollar continued in the early part of 1989, though by midyear the strength of the U.S. dollar against all currencies led to some decline for the Canadian dollar.

After declining against overseas currencies from early 1985 through 1987, the Canadian dollar rebounded through most of 1988 and into 1989. On a trade-weighted basis, the Canadian dollar ended the year up 9.6 per cent compared to the end of 1987 and rose about another 2.0 per cent from the end of 1988 to May 1989.

**Chart 2**  
**U.S. Dollar Movements**  
**against G-7 Currencies**



Over the past year and a half, the U.S. dollar has fluctuated in value against foreign currencies. In response to a tightening of monetary policy by the Federal Reserve in early 1988, the U.S. dollar began to reverse the decline against overseas currencies it had been undergoing since February 1985. After reaching a peak in the autumn of 1988, the dollar began to decline once more, only to rebound in early 1989.