

Canadian dollar steadies near five-week low as oil prices fall

By Fergal Smith | May 20, 2026



A Canadian dollar coin, commonly known as the "Loonie", is pictured in this illustration picture taken in Toronto January 23, 2015. REUTERS/Mark Blinch

TORONTO, May 20 (Reuters) - The Canadian dollar steadied near a five-week low against its U.S. counterpart on Wednesday, as oil prices fell on increased hopes of a deal to end the Middle East conflict and after softer-than-expected domestic inflation data the day before.

The loonie was trading nearly unchanged at 1.3750 per U.S. dollar, or 72.73 U.S. cents, after earlier touching its weakest intraday level since April 15 at 1.3778.

"Yesterday's CPI data surprised on the downside and continues to weigh on the CAD," Shaun Osborne and Eric Theoret, strategists at Scotiabank, said in a note.

"The data point to the Bank remaining on the policy sidelines for now but rising global price pressures are unlikely to pass Canada by in the months ahead."

Data on Tuesday showed that Canada's consumer price index increased at an annual rate of 2.8% in April, falling short of the 3.1% rate that analysts had expected, and that key measures of underlying price pressures eased.

The swap market has priced in about 40 basis points of tightening from the BoC this year, down from 54 basis points before the inflation data. The central bank has said that it might have to respond with consecutive interest rate hikes if oil prices stay high and begin pushing up inflation.

U.S. crude oil futures fell 6.5% to 97.35 a barrel on Wednesday and the U.S. dollar (.DXY), opens new tab gave back some recent gains against a basket of major currencies after U.S. President Donald Trump said that negotiations with Iran were in the final stages.

Oil is one of Canada's major exports.

Canadian bond yields fell across the curve, tracking moves in U.S. Treasuries. The 10-year was down 12.4 basis points at 3.580%, extending its pullback from a two-year high during Tuesday's session at 3.744%.