

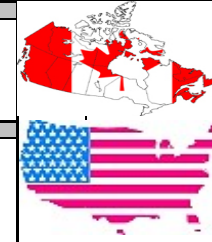


Fixed Income Snapshot

May 23, 2007

CANADA BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	3.750	01-Jun-09	98.71	4.42
5 YR	3.750	1-Sep-11	97.49	4.40
10 YR	4.000	1-Jun-16	97.24	4.38
30 YR	5.750	1-Jun-33	122.20	4.32

US BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	4.500	30-Apr-09	99.37	4.84
5 YR	4.500	30-Apr-12	98.84	4.77
10 YR	4.500	15-May-17	97.36	4.84
30 YR	4.750	15-Feb-37	96.36	4.99



FIXED INCOME



FOREIGN EXCHANGE			CANADIAN RATES		US RATES		CANADA-US SPREADS			YIELD CURVE SHIFTS		
CROSS	SPOT	CHANGE	PRIME	6.00	PRIME	8.25	TERM	BPS	CHANGE	ROLL	SPREAD	CHANGE
CAD/US	1.0833		BANK RATE	4.25	BANK RATE	7.00	3M	-70.0	2.6	2 yr -30yr	-9.8	-0.5
US/CAD	0.9231				FED FUNDS	5.25	2Y	-42.6	1.4	2yr -5yr	-2.1	-0.1
YEN/US	121.4400						5Y	-36.7	1.8	5yr-10yr	-2.3	0.0
GAP/US	1.9856						10Y	-46.2	1.3	10yr-30yr	-5.4	-0.1
							30Y	-66.5	-134.0	2yr-10yr	-4.4	-0.1

ECONOMIC NEWS SCHEDULED FOR RELEASE							
CANADA		EST	ACTUAL	US		EST	ACTUAL
MON 21	No News			No News			
TUES 22	No News			Richmond Fed ABC Consumer Confidence		-6 -6	-10 -9
WED 23	Leading Indicators	0.4%	0.4	MBA Mortgage Apps			
THURS 24	No News			Initial Jobless Claims Continuing Claims Durable Goods Durables ex Transport New Home Sales New Home Sales MoM		305k 2498k 0.8% 0.6% 860k 0.2%	
FRI 25	No News			Existing Home Sales Existing Home Sales MoM		6.12M 0.0%	

Daily Comment

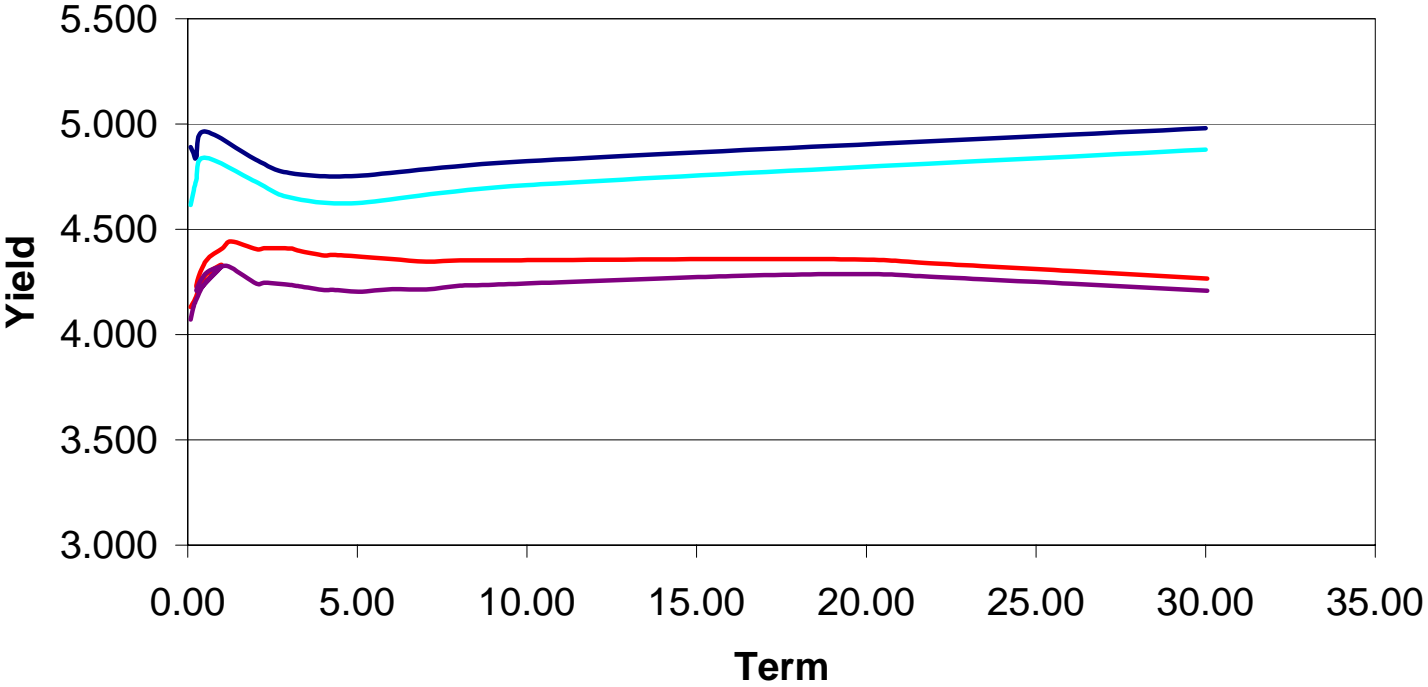
The true story in Canada over the past several weeks has been the unending strength of the CAD\$. This has been happening not only against the standard measure of the US\$, but also against all the majors and resource currencies as well. The resilience of the Canadian economy is mostly to thank (blame?), but the continued sale of our assets puts a real bid under the dollar, and is continually making the deals more and more expensive for their suitors. As an example, the bid for Lionore was upped yet again by Norilsk, now representing \$6.8B CAD\$ that has to be bought by the Russian miner.

The consensus being for a stronger CAD\$, the sentiment is still not overly bullish (which would precipitate us to look for a pullback). Every pullback to date has been swift and short-lived. What is interesting is the lack of news stories claiming the strong dollar is responsible for the death of the manufacturing and export sectors. Perhaps we've learned to adapt. One thing is certain, however, with the strong data being released in Canada (like our Leading indicators this morning of +0.4% vs. US Leading reported last week of -0.5%) our rate gap looks like it will narrow. This will give more reason to hold more CAD\$ in short term rate products. Don't look for the rally to stop yet.

Bonds are lower in Canada.... again. This is based on the same outlook for higher rates in Canada based on persistently strong economic numbers. Treasuries had a healthy selloff yesterday, proving that support around the 4.75% has clearly broken, and 4.85 - 4.88 is the next area to be tested (see chart pg 3).



Canada/US Yield Curve



— Canada Current — Canada Week Ago — US Current — US Week Ago

At 8:39 Vol 0 Op 4.825 Hi 4.849 Lo 4.818 Prev 4.824

USGG10YR INDEX GPO - Bar Chart Page 1/19

Range: - Upper:

Period:



01081522	03101724	01081522	01081522	02091623	01081522	01081522	01081522	01081522	010815	01081522	02091623	01081522
2006 Jun	2006 Jul	2006 Aug	2006 Sep	2006 Oct	2006 Nov	2006 Dec	2007 Jan	2007 Feb	2007 Mar	2007 Apr	2007 May	