

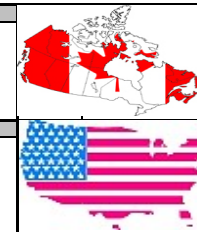


Fixed Income Snapshot

June 20, 2007

CANADA BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	3.750	01-Jun-09	98.30	4.68
5 YR	3.750	1-Jun-12	96.06	4.65
10 YR	4.000	1-Jun-16	95.45	4.63
30 YR	5.750	1-Jun-33	118.48	4.53

US BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	4.875	31-May-09	99.84	4.96
5 YR	4.750	31-May-12	98.83	5.02
10 YR	4.500	15-May-17	95.39	5.10
30 YR	4.750	15-Feb-37	93.16	5.21



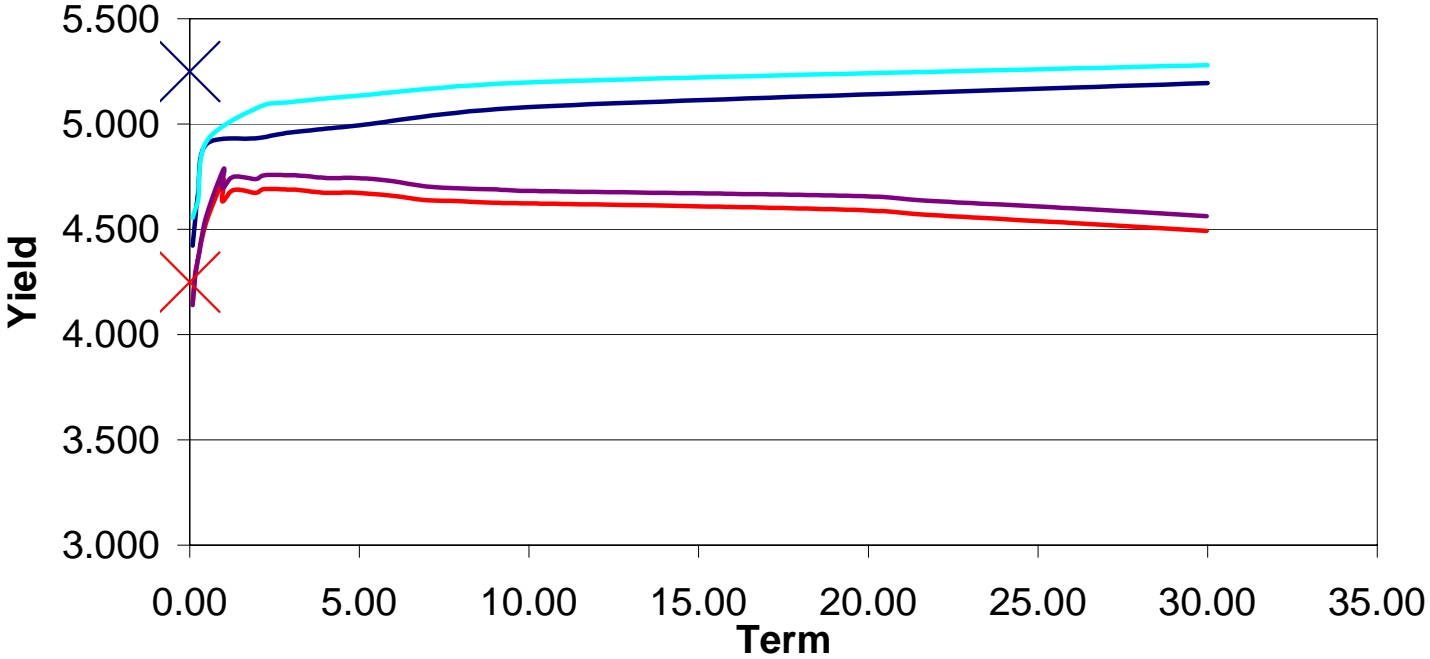
FOREIGN EXCHANGE			CANADIAN RATES		US RATES		CANADA-US SPREADS			YIELD CURVE SHIFTS		
CROSS	SPOT	CHANGE	PRIME	6.00	PRIME	8.25	TERM	BPS	CHANGE	ROLL	SPREAD	CHANGE
CAD/US	1.0663		BANK RATE	4.25	BANK RATE	7.00	3M	-40.3	-6.7	2 yr -30yr	14.7	-1.1
US/CAD	0.9378				FED FUNDS	5.25	2Y	-28.5	-0.6	2yr -5yr	-2.5	-0.4
YEN/US	123.5500						5Y	-36.7	-0.7	5yr-10yr	-2.5	-0.5
GBP/US	1.9934						10Y	-47.0	-0.4	10yr-30yr	-9.7	-0.9
							30Y	-67.3	-134.0	2yr-10yr	-5.0	-0.9

ECONOMIC NEWS SCHEDULED FOR RELEASE							Daily Comment
CANADA		EST	ACTUAL	US			
MON 18	Int'l Sec Transactions	C\$3.25	C\$1.543	NAHB Housing Ndx	30.00	28.00	<p>Yesterday's late day rally in Canadian bonds was just playing catch-up with the rise in treasuries. The US market has steadily ticked higher over the past 5 sessions following the drubbing the market took in the second week of the month. For now, it looks like the market was just oversold and is "filling in the gap" left by the swift decline. However, persistently weak home sales (more to come Monday) have led yields lower. The swift rise in yields, should it persist, will wreak havoc on the mortgage market and cause even more damage (though it won't be felt for some months). Perhaps the treasury market is anticipating this. The other side of the coin, of course, is persistently strong economic data. Canada's leading indicators came in at 0.5% as expected this morning, remaining in a flat trend for the better part of two years now. The more volatile US leading indicators, currently in negative territory, is coming out Tuesday.</p> <p>It's possible the bond market is seeing through the end of this soft patch (or soft landing?) and onto stronger readings, which would send yields higher. These are the two main forces playing out currently in the bond market. The third - inflation - is locked in a battle of its own between those who watch the data and those who watch their wallets. The former tell us inflation is ebbing (bullish for bonds) as CPI trends lower given this slowdown, the latter tell us inflationary times are back, not seen since Rick Springfield was atop the Billboard charts.</p> <p>The CAD\$ rallied yesterday, as traders had positioned themselves for a light CPI reading. When it didn't come, the Bank's forecast of raising rates became even more real. The buying started up in earnest and continued throughout the day. This morning, the US\$ is weak around the world, but not as weak as the CAD\$, which is lower against everything, especially the very strong pound and euros.</p>
TUES 19	CPI CPI YoY CPI core CPI core YoY	0.4% 2.2% 0.3% 2.3%	0.4% 2.2% 0.3% 2.2%	Housing Starts Building Permits ABC Consumer Confidence	1472k 1470k	1474k 1501k	
WED 20	Wholesale Sales Leading Indicators	0.3% 0.5%	-3.1% 0.5%	MBA Mortgage Apps		-3.4%	
THURS 21	Retail Sales less autos	1.0% 0.5%		Leading Indicators Philli Fed Initial Jobless Claims Continuing Claims	0.3% 7.00 311k		
FRI 22	No News			No News			

Check out wholesale sales in Canada. A volatile number, but a massive drop nevertheless. No reaction from the bond market though.



Canada/US Yield Curve



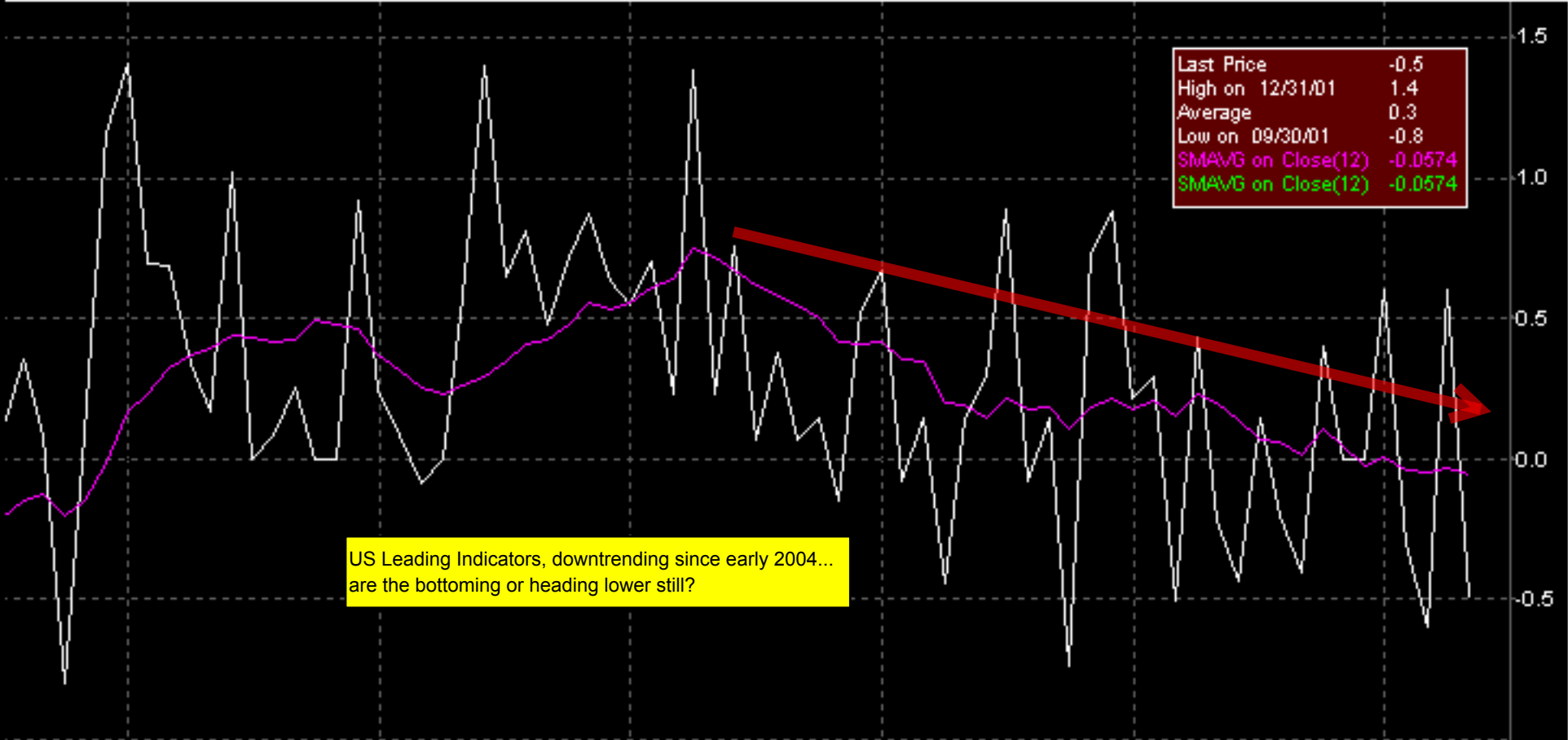
LEI CHNG INDEX

GP - Line Chart

Range - Upper Mov. Avgs

Period

Last Price	-0.5
High on 12/31/01	1.4
Average	0.3
Low on 09/30/01	-0.8
SMAVG on Close(12)	-0.0574
SMAVG on Close(12)	-0.0574



US Leading Indicators, downtrending since early 2004...
are the bottoming or heading lower still?

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2001 2002 2003 2004 2005 2006 2007