



Fixed Income Snapshot

December 19, 2007

CANADA BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	4.250	01-Dec-09	100.84	3.80
5 YR	3.750	1-Jun-12	99.52	3.87
10 YR	4.000	1-Jun-17	100.04	4.00
30 YR	5.000	1-Jun-37	115.08	4.11

US BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	3.125	30-Nov-09	99.88	3.19
5 YR	3.375	30-Nov-12	99.41	3.50
10 YR	4.250	15-Nov-17	101.19	4.10
30 YR	5.000	15-May-37	107.83	4.52



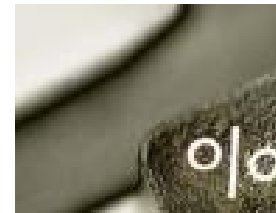
FOREIGN EXCHANGE			CANADIAN RATES		US RATES		CANADA-US SPREADS			YIELD CURVE SHIFTS		
CROSS	SPOT	CHANGE	PRIME	6.00	PRIME	7.25	TERM	BPS	CHANGE	ROLL	SPREAD	CHANGE
CAD/US	1.0059		BANK RATE	4.25	BANK RATE	6.00	3M	85.4	4.6	2 yr -30yr	31.6	1.5
US/CAD	0.9941				FED FUNDS	4.25	2Y	61.0	-2.0	2yr -5yr	7.2	0.2
YEN/US	113.0100				DISCOUNT	4.75	5Y	36.2	-2.0	5yr-10yr	12.7	-0.2
GBP/US	2.0040						10Y	-10.6	-0.3	10yr-30yr	11.7	0.0
							30Y	-40.6	-82.2	2yr-10yr	19.9	0.0

ECONOMIC NEWS SCHEDULED FOR RELEASE						Daily Comment
CANADA		EST	ACTUAL	US	EST	ACTUAL
MON 17	Int'l Securities Trans New Motor Veh Sales	-C\$1.00 -2.0%	-C\$24.3 -1.4%	Current Account Balance Net Long Term TIC Flows Total Net TIC Flows NAHB Housing Mkt Index	-\$183.0B \$50.0B \$30.0B 19.00	-\$178.5B
TUES 18	CPI MoM CPI YoY CPI core MoM CPI core YoY Leading Indicators	0.2% 2.4% 0.2% 1.8% 0.1%	0.3% 2.5% 0.0% 1.6% 0.0%	Housing Starts Building Permits ABC Consumer Confidence	1176k 1150k 1176k	1187k 1152k
WED 19	Wholesale Sales	0.2%	0.5%	MBA Mortgage Apps		-19.6%
THURS 20	No News			GDP Annualized Personal Consumption GDP Px Index Core PCE QoQ Leading Indicators Philadelphia Fed Initial Jobless Claims Continuing Claims	4.9% 2.8% 0.9% 1.8% -0.3% 6.00 335k 2605k	
FRI 21	GDP MoM Retail Sales Retail Sales less Autos	0.1% -0.4% 0.0%		Personal Income Personal Spending PCE Delfator YoY PCE Core MoM PCE Core YoY	0.5% 0.7% 3.2% 0.2% 2.0%	

Bonds are moving modestly higher this morning as the write-down parade continues with Morgan Stanley today announcing some significant losses in the housing related markets. Weekly MBA mortgage applications dropped to their worst level in years. The Mortgage Bankers Association also reports that their home purchase index and refinancing index dropped precipitously as well. This really comes as no surprise as banks are continuing to tighten their lending standards to avoid taking on more risk in the loan portfolios.

Other than Canada's Wholesale sales dropping to 0.5% this month, there is no other data out this morning, so we will have to trade off of the treasury auction and company specific news. This is causing it to be a light trading day, especially in the FX markets, where the CAD\$ is mostly unchanged on the day.

Some important data will follow tomorrow before we head into the holidays. We would expect most to position themselves for year in the next few days if they haven't already. This should mean short bonds should perform well as everyone gets their cash invested into safe securities.



Canada/US Yield Curve

