

Fixed Income Snapshot

January 23, 2008

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	4.250	01-Dec-09	102.15	3.04	0.11
5 YR	3.750	1-Jun-12	101.73	3.32	0.27
10 YR	4.000	1-Jun-17	101.89	3.76	0.30
30 YR	5.000	1-Jun-37	114.80	4.13	0.16

US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	3.250	31-Dec-09	102.59	1.88	0.18
5 YR	3.625	31-Dec-12	105.50	2.44	0.52
10 YR	4.250	15-Nov-17	107.70	3.32	0.83
30 YR	5.000	15-May-37	114.67	4.13	0.92

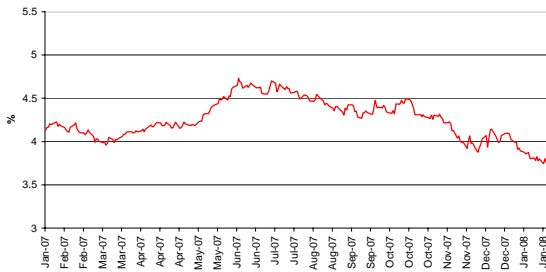


FIXED INCOME

CAD\$ FOREIGN EXCHANGE CROSSES				US\$ FOREIGN EXCHANGE CROSSES				NOTABLE QUOTES
CROSS	SPOT	CHANGE	CAD Direction	CROSS	SPOT	CHANGE	USD direction	
USD/CAD	1.0277	-0.0009	+	EUR/USD	1.4542	-0.0086	+	
CAD/US	0.9730			GBP/USD	1.9479	-0.0130	+	
EUR/CAD	1.4946	-0.0107	+	USD/JPY	105.1600	-1.2800	-	
GBP/CAD	2.0021	-0.0152	+					
CAD/JPY	102.2400	-1.1900	-					

1 Year Charts

Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

The bond market says "good, but not enough" to the Fed's surprise 75 bp cut yesterday. Fed Funds futures are still pricing in another 50 bps coming next week at the regularly scheduled meeting.

The Bank of Canada disappointed some by only cutting 25bps. Many argue the contagion from the US will spread north of the border (myself included), and feel that the BoC should be more pro-active on that front. In fairness, the gap opened up by the Fed cut yesterday came only minutes before the BoC release... and AFTER the Bank had locked up their press release. The die was cast before the surprise cut. With our rates now 50 bps higher than the US, the CAD\$ got a boost against the greenback.

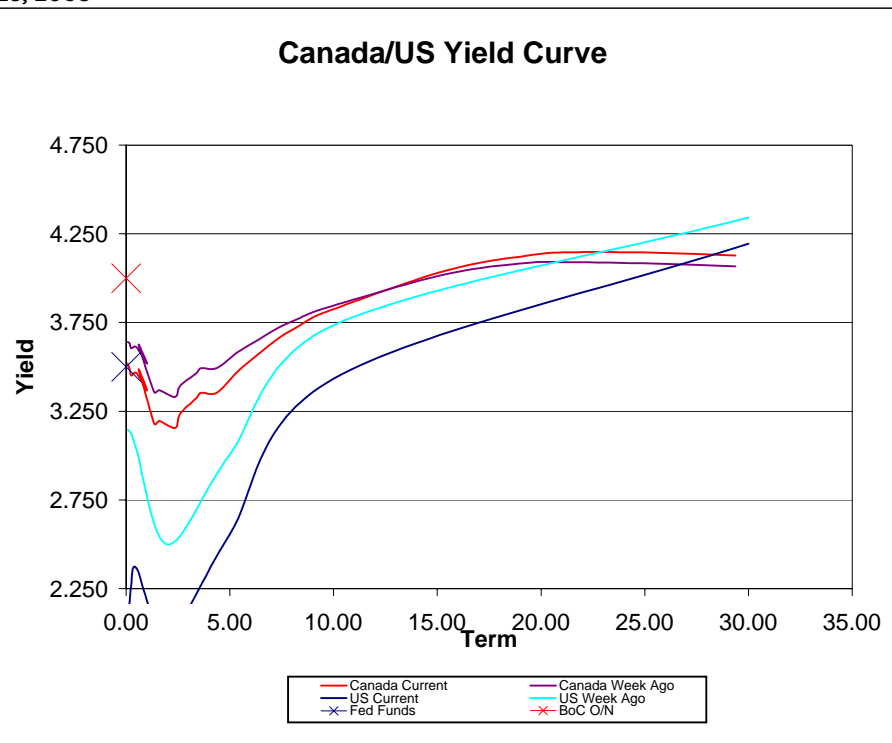
The Big banks decided to move along with cutting the prime rate despite some chatter last week about leaving the prime where it is despite overnight rate cuts. We'd applaud them, but I don't think applause is deserved for doing what should never have been questioned in the first place. The BoC doesn't lower rates to allow the big banks to increase their margins.

Treasuries are sharply higher this morning. It appears that the euphoria of a rate cut has faded and the market has come to the realization that the Fed must see some big trouble under the hood to aggressively cut that much in between meetings.... and we'll have to wait until July or August for the effects of those cuts to really be felt at ground level on Main street.

2 year treasuries are now yielding 1.88%... the market is telling us there is much more to come. See chart on page 3

January 23, 2008

ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 21	Wholesale Sales	0.5%	0.3%	No News		
TUES 22	Retail Sales less autos Bank of Canada Rate Decision	0.2% 0.5% 4.0%	0.7% 1.7% 4.0%	Richmond Fed Manufac Index Fed Funds inter-meeting Rate decision	-3 3.50%	-8
WED 23	Leading Indicators	0.0%	-0.1%	ABC Consumer Confidence MBA Mortgage Apps		8.3%
THURS 24	No News			Existing Home Sales Existing Home Sales MoM Initial Jobless Claims Continuing Claims	4.95M -1.0% 320k 2728k	
FRI 25	CPI CPI YoY CPI core CPI core YoY	0.1% 2.4% -0.1% 1.7%	1.1%	No News		



Other Notable Economic Events	CANADIAN RATES	US RATES	CANADA-US SPREADS		YIELD CURVE SHIFTS			
Last week US leading indicators were lower than expected -0.2%	PRIME 6.00 BANK RATE 4.25	PRIME 7.25 BANK RATE 6.00 FED FUNDS 4.25 DISCOUNT 4.75 LIBOR 3M 3.3313	TERM 3M BPS 125.3	CHANGE 8.2	ROLL 2yr -5yr SPREAD 27.5	CHANGE -0.6		
			2Y 115.8 5Y 88.2 10Y 43.1 30Y -0.6	3.0 3.7 5.4 -5.3	2yr -10yr 71.3 2 yr -30yr 8.1 5yr -10yr 43.8 10yr-30yr 36.8	2.2 5.2 2.8 2.2	TED Spread 1.23 Week ago 0.80	

GRAB

Index **GPO**

At 08:43 Op 1.992 Hi 2.065 Lo 1.853

USGG2YR INDEX

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GPO - Bar Chart

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Range - Upper

Period

Last	1.894
High on 06/28/06	5.275
Average	3.847
Low on 03/11/04	1.439
SMAVG on Close(50)	2.9205
SMAVG on Close(200)	4.0440



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
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