

Fixed Income Snapshot

April 30, 2008

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	3.750	01-Jun-10	101.87	2.82	0.09
5 YR	3.750	1-Jun-12	102.33	3.13	0.19
10 YR	4.000	1-Jun-17	102.62	3.66	0.29
30 YR	5.000	1-Jun-37	114.57	4.13	0.67

US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.125	30-Apr-10	99.60	2.33	0.06
5 YR	3.125	30-Apr-13	100.22	3.08	0.20
10 YR	3.500	15-Feb-18	97.58	3.80	0.22
30 YR	4.375	15-Feb-38	97.45	4.53	0.41

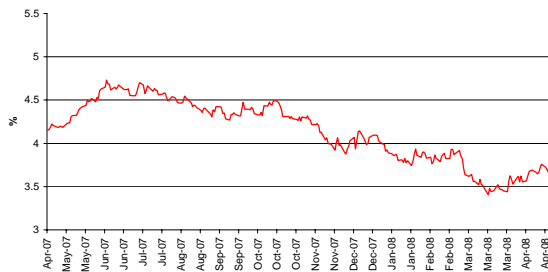


FIXED INCOME

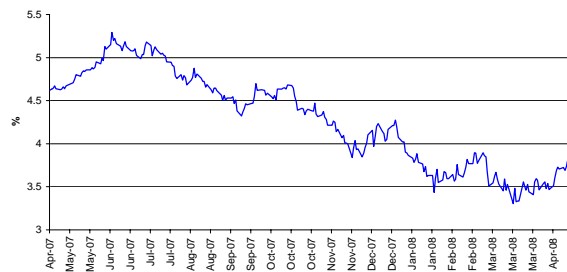
CAD\$ FOREIGN EXCHANGE CROSSES				US\$ FOREIGN EXCHANGE CROSSES				NOTABLE QUOTES
CROSS	SPOT	CHANGE	CAD Direction	CROSS	SPOT	CHANGE	USD direction	
USD/CAD	1.0068	-0.0067	+	EUR/USD	1.5565	-0.0002	+	
CAD/US	0.9932			GBP/USD	1.9679	-0.0017	+	
EUR/CAD	1.5667	-0.0106	+	USD/JPY	104.4800	0.4400	+	
GBP/CAD	1.9808	-0.0146	+					
CAD/JPY	103.7100	1.1000	+					

1 Year Charts

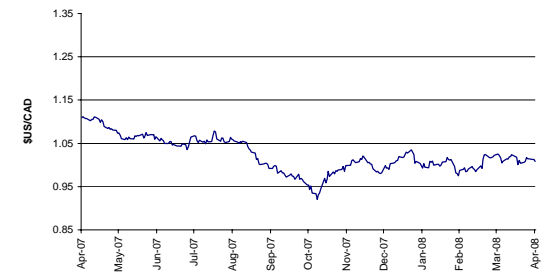
Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

We are all waiting on the Fed at 2.15pm. While the market has pretty much dialled in a 25 bp cut, we are waiting for the language. Dovish - continue cuts, Goldilocks - just right, or Hawkish - inflation is a problem? It will be scrutinized down to the last word.

Bank of America issued \$6 billion in 5 and 10 year bonds late yesterday @ +185 bps and +190 bps to their respective benchmarks. While still at a discount to market spreads, they certainly weren't giving these bonds away. We've seen some massive discounts in new issues in order to get the deals done, but these were more in line with the market. Citigroup also tapped the market for \$3 yards last night. It's an equity issue, so we won't concern ourselves too much, but it is a 22% dilution of their common shares...

Credit has been behaving much better for the past week. All measures of credit have been gapping inwards this week, with strong demand for all names, including financials. The chart of the Royal Bank yield over Canada below shows that perhaps credit is on the mend. There's still a long way to go before we're normalized, but the current direction provides much relief. One of our favourite trades as well, the Canada Housing Trust issue (which we are long here on the desk) has improved markedly over the week. Having been as wide as 62 bps over Canadas (for the same Canada guarantee!!) they have narrowed in to 50 bps. We have long said we won't believe in any equity rally until credit confirms it, and this time we are seeing some of that confirmation.

ADP Employment Change surprised WAY to the upside, showing a gain of 10,000 jobs when a loss of 60,000 was expected.

US GDP came in line with expectations for Q1 (so this data is at least a month old) @ 0.6% annualized.

Personal Consumption was higher, GDP Price index and Employment Cost Indexes did not give cause for too much concern on the inflation front.

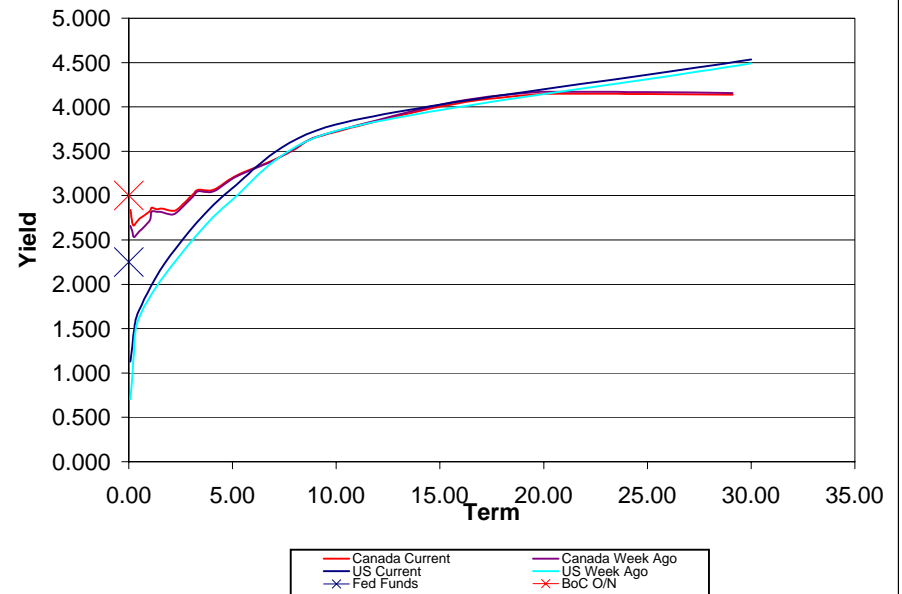
Canadian GDP did not fare as well, coming in at -0.2% for the month, and in line with commodity price strength, the **CDN Raw Materials Prices** came in at a whopping 6.6% rise for March.

The data will continue to pour in for the rest of the week, so stay tuned.

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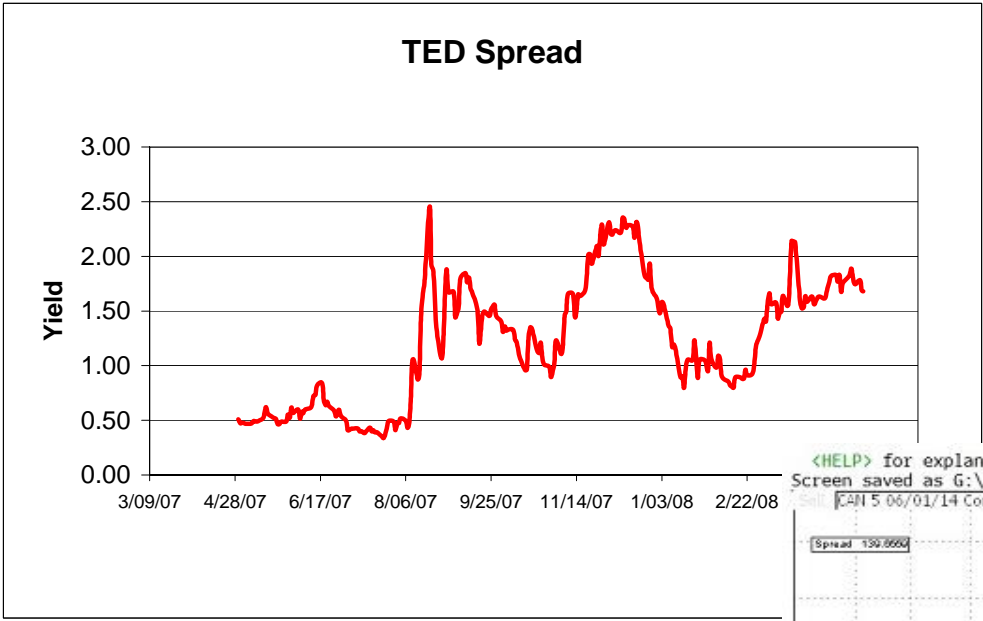
ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 28	No News			No News		
TUES 29	No News			S&P/CS Home Px Index S&P/CS Composite 20 YoY Home Px Consumer Confidence	-12.0% 61.5	175.90 -12.7% 62.30
WED 30	Industrial Prod'n GDP MoM Raw Materials PX	1.0% 0.2% 2.0%	1.7% -0.2% 6.6%	ABC Consumer Confidence ADP Employment Change GDP Personal Consumption GDP PX Index Core PCE QoQ Employment Cost Index Chicago PMI FOMC Rate Decision	-60k 0.4% 0.7% 3.0% 2.1% 0.8% 47.50 2.00%	-41 10k 0.6% 1.0% 2.6% 2.2% 0.7%
THURS 1	No News			Challenger job cuts Personal Income Personal Spending PCE YoY PCE Core MoM PCE Core YoY ISM Manufacturing ISM Prices Paid Initial Jobless Claims Continuing Claims	0.4% 0.2% 3.2% 0.1% 2.0% 48.00 83.50 363k 2950k	
FRI 2	Money Supply YoY			Chang Nonfarm Payrolls Avg Hourly Earnings MoM Avg Hourly Earnings YoY Avg Weekly Hours RPX Composite Home Px YoY Factory Orders	-35k 0.3% 3.6% 33.70 0.2%	

Canada/US Yield Curve



Other Notable Economic Events		CANADIAN RATES		US RATES		CANADA-US SPREADS			YIELD CURVE SHIFTS				
		PRIME	4.75	PRIME	5.25	TERM	BPS	CHG	ROLL	SPREAD	CHANGE		
		BANK RATE	3.00	BANK RATE	4.00	3M	126.1	1.6	2yr -5yr	31.6	-0.5		
				FED FUNDS	2.25	2Y	48.8	-1.4	2yr -10yr	83.9	0.8		
				DISCOUNT	2.5	5Y	5.5	-0.8	2 yr -30yr	31.6	1.0		
				LIBOR 3M	2.8500	10Y	-14.1	-1.1	5yr -10yr	52.3	1.3		
						30Y	-39.6	-78.3	10yr -30yr	47.7	0.8		
												TED Spread	1.68
												Week ago	1.89

TED Spread



A little improvement in the TED spread.

A lot of improvement in Royal Bank credit (2014 bonds compared)

