BLACKMONT CAPITAL™

FIXED INCOME

Fixed Income Snapshot

May 21, 2008

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	$ CHANGE
2 YR	3.750	01-Jun-10	101.67	2.90	-0.26
5 YR	3.500	1-Jun-13	101.39	3.20	-0.41
10 YR	4.000	1-Jun-17	103.07	3.60	-0.64
30 YR	5.000	1-Jun-37	115.86	4.06	-0.74

US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	$ CHANGE
2 YR	2.125	30-Apr-10	99.55	2.37	-0.10
5 YR	3.125	30-Apr-13	100.33	3.05	-0.18
10 YR	3.875	15-May-18	100.55	3.81	-0.23
30 YR	4.375	15-Feb-38	97.11	4.55	-0.30

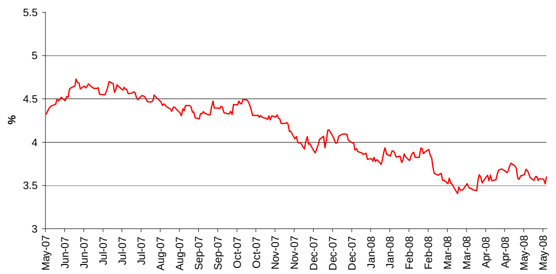
CAD$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	0.9846	-0.0074	+
CAD/US	1.0156		
EUR/CAD	1.5512	-0.0011	+
GBP/CAD	1.9355	-0.0176	+
CAD/JPY	104.8800	0.4600	+

US$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.5756	0.0107	-
GBP/USD	1.9653	-0.0028	+
USD/JPY	103.3500	-0.2700	-

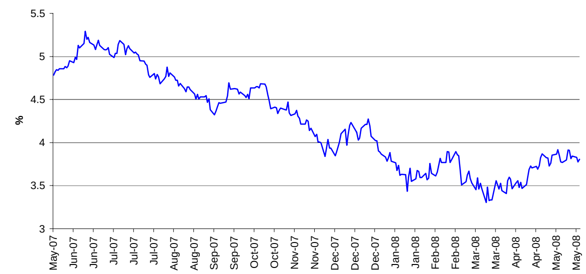
NOTABLE QUOTES

1 Year Charts

Canada Ten Year Yield



US Ten Year Yield



CAD$

Daily Commentary

A strong print in Canadian CPI this morning has the yield curve flattening quickly in Canada. Headline CPI @ 1.7% and core at 1.5%, both higher than last month and expectations, also have the loonie lit up with a strong bid.
With US CPI running @ 3.9% headline, you can easily see the price dampening effects of a strong currency.

We've been lonely in this position recently, but persistently strong data out of Canada could actually have the market rethinking its bet on further rate cuts in Canada. 2 years still trade 15 bps under the overnight rate here (as opposed to US 2's @ 36 bps over Fed Funds). We'd still expect more flattening to come... contingent on more strong data.
Canadian Leading Indicators came in as expected, and slightly stronger than last month at 0.1%. This follows the US Leading Indicators and has some, such as BCA Research, speculating that Leading indicators have troughed (see the chart pg 3). LEI reached about the same depths in January of this year as it had in Jan 2001, and July 1995, but was far deeper into the red in 1981 and 1990.

BCE bonds, which we would have expected to see some action in yesterday, were surprisingly quiet. While we saw some marginally better levels being posted, we did not see any significant trading in the credit. Quebec court of appeal is slated to rule on the previously denied bondholder movement to block the deal tomorrow afternoon. While we're not expecting anything bond-positive out of this, it will be interesting to watch. Quebec courts have surprised before. As far as a re-pricing of the deal goes, the most likely scenario still points to a reduction in the stock offer price, rather than any change in terms to the bondholders (which would actually serve to make the deal more expensive to the consortium). The true test still lies in trying to float billions in junk in what is clearly a buyers market.

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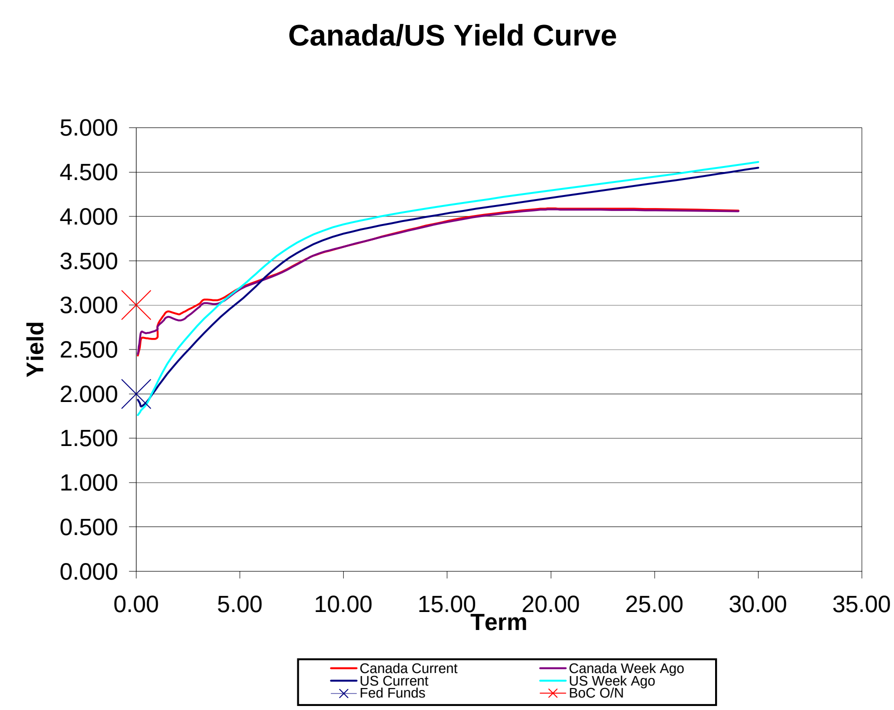
ECONOMIC NEWS SCHEDULED FOR RELEASE

Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 19	No NEws			Leading Indicators	0.0%	0.1%
TUES 20	Wholesale Sales	0.3%	0.6%	Producer Px Index	0.4%	0.2%
				PPI ex Food Energy	0.2%	0.4%
				Producer Px Index YoY	6.7%	6.5%
				PPI ex Food Energy YoY	2.9%	3.0%
				IBD/TIPP Econ Optimism	37.80	40.30
				ABC Consumer Confidence		-49
WED 21	CPI	0.4%	0.8%	MBA Mortgage Apps		-7.9%
	CPI YoY	1.4%	1.7%			
	CPI core	0.2%	0.3%	FOMC Minutes		
	CPI core YoY	1.3#	1.5%			
	Leading Indicators	0.1%	0.1%			
THURS 22	Retail Sales	0.3%		House Px Index		
	Retail Sales less autos	0.4%		House Px Index YoY		
				House Px Index QoQ	-1.3%	
				Initial Jobless Claims	373k	
				Continuing Claims	3065k	
FRI 23	Cdn Money Supply			Existing Home Sales	4.85m	
				Existing Home Sales MoM	-1.6%	



Other Notable Economic Events

CDN Money Market

Bankers Acceptance	
30 Day	2.93
60 Day	2.98
90 Day	2.98

indication only - actual rates may vary

CANADIAN RATES

PRIME	4.75
BANK RATE	3.00

US RATES

PRIME	5.00
BANK RATE	3.75
FED FUNDS	2
DISCOUNT	2.25
LIBOR 3M	2.6381

CANADA-US SPREADS

TERM	BPS	CHANGE
3M	81.1	5.0
2Y	53.2	7.6
5Y	14.5	4.8
10Y	-21.0	5.3
30Y	-49.0	-99.9

YIELD CURVE SHIFTS

ROLL	SPREAD	CHANGE
2yr -5yr	30.1	-4.2
2yr-10yr	70.1	-4.9
2 yr -30yr	16.7	-9.1
5yr-10yr	40.0	-0.7
10yr-30yr	46.6	-4.9

TED Spread	0.89
Week ago	1.03

Canadian Leading Indicators

A bounceback?