

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	3.750	01-Jun-10	101.49	2.98	0.07
5 YR	3.500	1-Jun-13	100.85	3.31	0.13
10 YR	4.000	1-Jun-17	102.20	3.71	0.00
30 YR	5.000	1-Jun-37	114.66	4.13	0.11



US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.625	31-May-10	100.09	2.58	0.16
5 YR	3.500	31-May-13	100.65	3.36	0.36
10 YR	3.875	15-May-18	98.69	4.04	0.25
30 YR	4.375	15-Feb-38	94.53	4.72	0.08



**FIXED INCOME**



CAD\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	0.9973	0.0024	-
CAD/US	1.0027		
EUR/CAD	1.5470	-0.0015	+
GBP/CAD	1.9562	-0.0095	-
CAD/JPY	104.9000	-0.9100	-

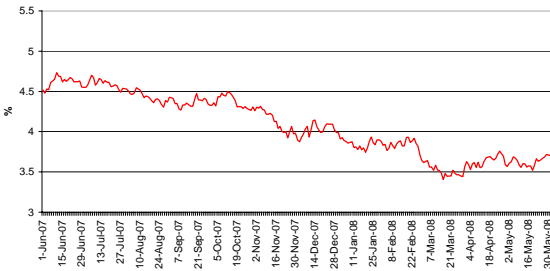
US\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.5510	-0.0047	+
GBP/USD	1.9618	-0.0148	+
USD/JPY	104.6600	-0.6300	-

NOTABLE QUOTES

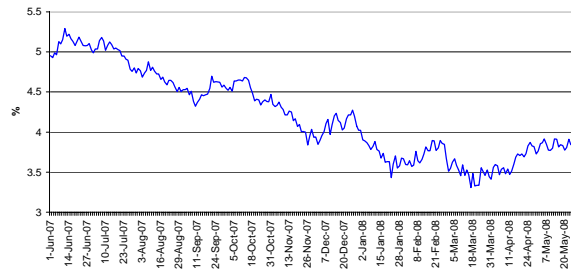


**1 Year Charts**

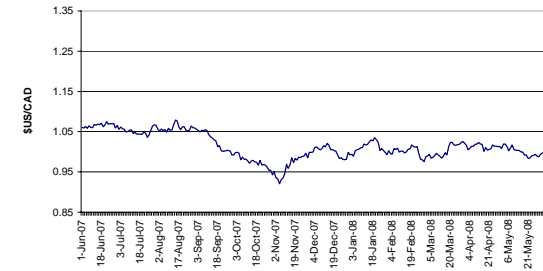
**Canada Ten Year Yield**



**US Ten Year Yield**



**CAD\$**



**Daily Commentary**

Domestic Fixed Income markets are quiet to start the week. We won't see any data until 10 am when the ISM manufacturing index comes out. This important activity survey compares current month orders with the previous month, so it shows trend in factory activity. It has dropped below the boom/bust 50 line and is expected to stay there for now.

The Ten year Treasury is holding above 4% for now (Cdn is at 3.70%). We are wondering if the recent outperformance in Canada will give up now. Since Canada (and many provinces) issue bonds which coupon payments and maturities to June 1 and Dec 1, there is generally a strong bias to buy leading into those coupon payment periods. That period is done now, except for those very few who wait until the cash is actually in their account (and therefore lose a few days interest) before re-deploying it. Perhaps now we should see the US catch up, or more appropriately, Canada drop?

Looking ahead on the calendar, it's jobs week. Thursday here and Friday in the US we will see how employment is holding up.

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June 2, 2008

ECONOMIC NEWS SCHEDULED FOR RELEASE											
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL					
<b>MON 2</b>	No News			RPX Composite Home Px ISM Manufacturing ISM Prices Paid Construction Spending MoM	48.50 83.30 -0.6%						
<b>TUES 3</b>	No News			Dom Veh Sales Total Veh Sales Factory Orders	-0.1%						
<b>WED 4</b>	No News			ABC Consumer Confidence MBA Mortgage Apps Challenger Job cuts ADP Employment Change Nonfarm Productivity Unit Labor costs ISM Non-Manufacturing	-30k 2.5% 2.0% 51.00						
<b>THURS 5</b>	Building Permits Ivey Purch Mngrs Index	0.7% 58.00		ICSC Chain Store Sales YoY  Initial Jobless Claims Continuing Claims	  370k						
<b>FRI 6</b>	Unemployment Rate Net Change employment Industrial Product Prices Raw Materials Prices	6.1% 8.5k 1.0% 2.8%		Chg Non-Farm Payrolls Unemployment Rate Chg Manufacturing Payrolls Avg Hourly Earnings MoM Avg Hourly Earnings YoY Avg Weekly Hours Wholesale Inventories Consumer Credit	-51k 5.1% -40k 0.3% 3.4% 33.70 0.5% \$7.4B						
<b>Other Notable Economic Events</b>				<b>CDN Money Market</b>	<b>CANADIAN RATES</b>	<b>US RATES</b>	<b>CANADA-US SPREADS</b>	<b>YIELD CURVE SHIFTS</b>			
				Bankers Acceptance 30 Day 2.95 60 Day 2.95 90 Day 2.95 indication only - actual rates may vary	PRIME 4.75 BANK RATE 3.00	PRIME 5.00 BANK RATE 3.75 FED FUNDS 2 DISCOUNT 2.25 LIBOR 3M 2.6763	TERM 3M 74.6 2Y 40.0 5Y -4.4 10Y -32.4 30Y -59.1	CHANGE -3.4 4.9 4.8 3.3 -118.0	ROLL 2yr -5yr 33.8 2yr -10yr 73.4 2 yr -30yr 15.2 5yr -10yr 39.6 10yr -30yr 41.8	SPREAD CHANGE 0.2 3.2 3.1 3.0 3.2	TED Spread Week ago 1.01 0.90

**Canada/US Yield Curve**

