

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	3.750	01-Jun-10	101.71	2.77	0.14
5 YR	3.500	1-Jun-13	101.61	3.14	0.28
10 YR	4.250	1-Jun-18	104.87	3.65	0.37
30 YR	5.000	1-Jun-37	115.30	4.09	0.48



US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.750	31-Jul-10	100.50	2.49	0.19
5 YR	3.375	31-Jul-13	100.72	3.22	0.52
10 YR	4.000	15-Aug-18	100.02	4.00	0.52
30 YR	4.375	15-Feb-38	95.64	4.65	0.81



**FIXED INCOME**

**CAD\$ FOREIGN EXCHANGE CROSSES**

CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	1.0471	-0.0009	+
CAD/US	0.9550		
EUR/CAD	1.6172	0.0021	-
GBP/CAD	2.0416	0.0014	-
CAD/JPY	104.3400	-0.2400	-

**US\$ FOREIGN EXCHANGE CROSSES**

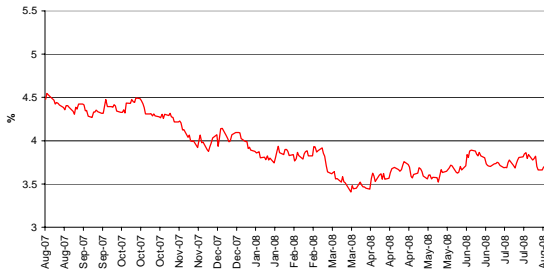
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.5443	0.0030	-
GBP/USD	1.9498	0.0026	-
USD/JPY	109.2700	-0.3700	-

**NOTABLE QUOTES**

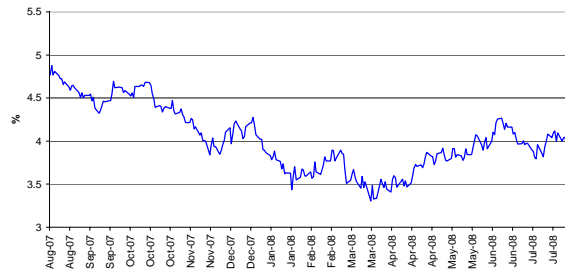


**1 Year Charts**

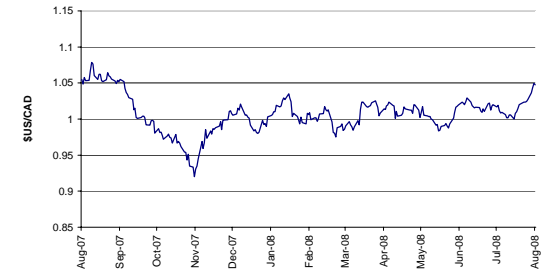
**Canada Ten Year Yield**



**US Ten Year Yield**



**CAD\$**



**Daily Commentary**

Nothing is new in Bondland, although there are several earnings releases (mentioned by Scott above) that will potentially affect credit spreads.

Stories are circulating about increased corporate defaults, both Bloomberg and Moody's are reporting this morning. Defaults in July rose to 2.5% on high-yield issues in the US. Bloomberg's report references higher default rates in Europe as, you guessed it - the sub-prime crisis is being blamed in many companies' inability to refinance existing debt. We'd suggest that this issue is WAY beyond sub-prime at this point. That's like blaming the match for the exploding TNT.

**Initial Jobless Claims** was out this morning, rising again after last week's huge jump. The trend continues to be worrying here. Employment is weakening, but still is not horrible. With an unemployment rate north of 5%, it is not high.... but it's rising.

**US Consumer Credit** statistics are out at 3pm today. We will be watching those closely - along with jobs. There are various theories on credit vs employment, some say people are prudent and cut back borrowing when employment prospects aren't good, others say that people use credit more to defer payment to a time when they will be able to pay it.

**Canadian Building Permits** for June were absolutely horrid, dropping 5.3% after May's gain of 1.1%. We've been worried about the Canadian housing sector following the US lead lower, and it appears to be happening now. Since we did not soar as high, and our lending practices were much more reasonable we most likely won't see the carnage here. However, it will be hard to dodge the bullet completely.

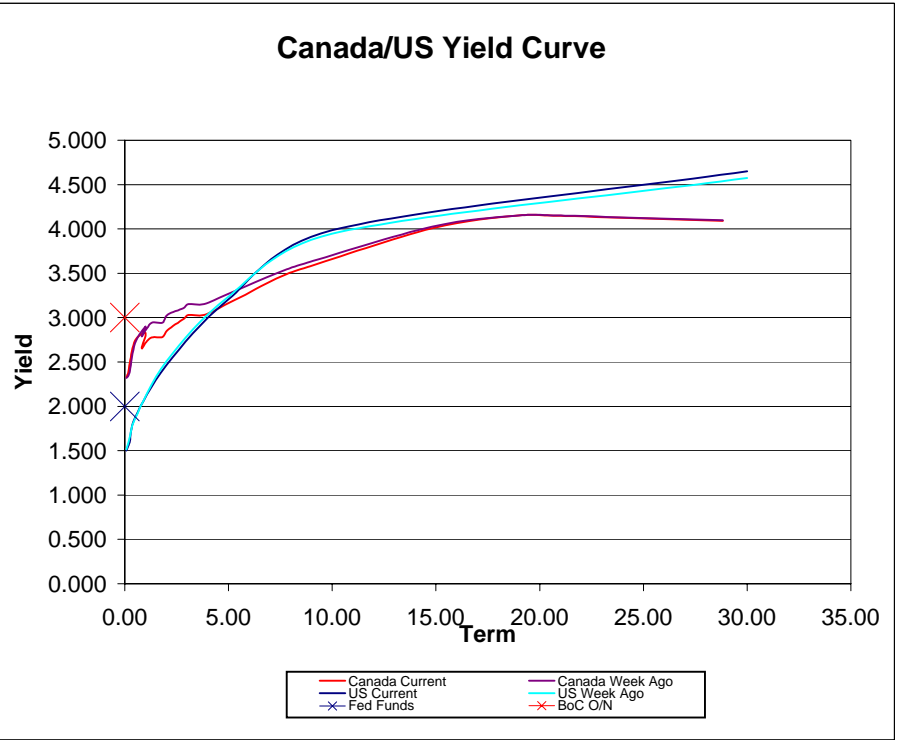
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August 7, 2008

ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
<b>MON</b> 4	No news			Challenger Job Cuts Personal Income Personal Spending PCE Deflator YoY PCE Core MoM PCE Core YoY	 -0.2% 0.4% 3.7% 0.2% 2.2%	<b>140.8%</b> 0.1% 0.6% 4.1% 0.3% 2.3%
<b>TUES</b> 5	No News			ISM Non Manufacturing <b>FOMC Rate Decision</b>	48.70 2.00	49.50 2.00
<b>WED</b> 6	Ivey PMI		61.0	MBA Mortgage Apps		2.8%
<b>THURS</b> 7	Building Permits		-1.0%	Pending Home Sales ICSC Chain Store Sales Consumer Credit	-1.0% 4.0% \$6.4B	
<b>FRI</b> 8	Unemployment Rate Net Change Emplokyment		6.2% 5.0k	Initial Jobless Claims Continuing Claims Nonfarm Productivity Unit Labor Costs Wholesale Inventories	 425k 3255k 2.5% 1.4% 0.6%	



Other Notable Economic Events	CDN Money Market	CANADIAN RATES	US RATES	CANADA-US SPREADS	YIELD CURVE SHIFTS	
	Bankers Acceptance	PRIME 4.75	PRIME 5.00	TERM 3M 87.1 1.6	ROLL 2yr -5yr 59.3 24.0	
	30 Day 2.93	BANK RATE 3.00	BANK RATE 3.75	5Y -13.2 5.0	SPREAD 2yr -10yr 103.0 18.0	
	60 Day 2.96		FED FUNDS 2	10Y -35.8 1.4	2 yr -30yr 32.0 5.6	
	90 Day 3.07		DISCOUNT 2.25	30Y 58.4 114.2	5yr -10yr 43.9 -6.3	
	Indication only - actual rates may vary		LIBOR 3M 2.8025		10yr -30yr 28.8 -12.0	
						TED Spread Week ago 1.39 1.34