

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	3.750	01-Jun-10	101.82	2.70	0.04
5 YR	3.500	1-Jun-13	101.89	3.07	0.07
10 YR	4.250	1-Jun-18	105.50	3.58	0.10
30 YR	5.000	1-Jun-37	116.64	4.02	0.24



US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.750	31-Jul-10	100.63	2.42	0.02
5 YR	3.375	31-Jul-13	101.13	3.13	0.06
10 YR	4.000	15-Aug-18	100.98	3.88	0.16
30 YR	4.500	15-May-38	99.67	4.52	0.30



FIXED INCOME



CAD\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	1.0665	0.0028	-
CAD/US	0.9376		
EUR/CAD	1.5926	0.0044	-
GBP/CAD	2.0046	-0.0139	+
CAD/JPY	101.6700	-0.8600	-

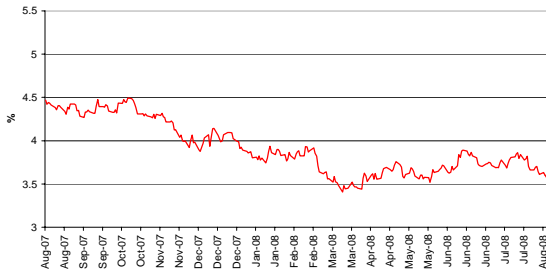
US\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.4914	0.0009	-
GBP/USD	1.8771	-0.0181	+
USD/JPY	108.6400	-0.5900	-

NOTABLE QUOTES

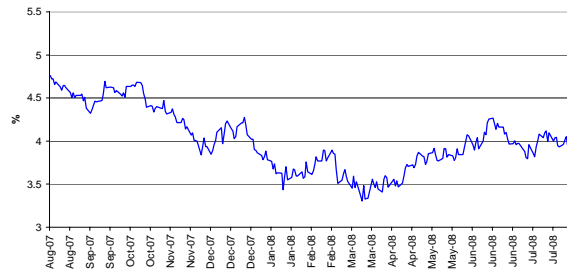


1 Year Charts

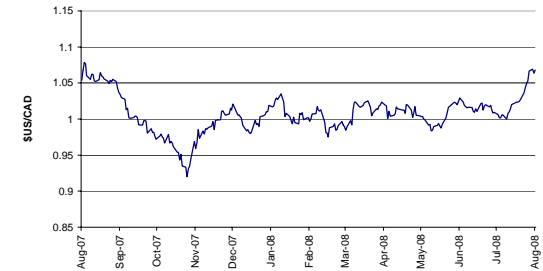
Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

It's always entertaining when I say it was another relatively quiet session, yet the treasury bond market rises by over a point in the long end. As the trade balance improved to a "mere" \$59 billion, T-bonds rallied on thin volume. In theory, a smaller trade deficit would reduce the need for US debt issuance, especially to foreign countries like China who export so much. Fear not however, we'll boldly predict that there won't be a shortage of treasury bonds on THIS administration's watch: **The US monthly budget statement** was released yesterday afternoon, showing a **monthly deficit of \$102 billion**. This July number included the tax rebate checks, which is why it dropped so much from July of last year (shortfall of a mere \$36.4 bln). More on this in the blog.

US Import Prices were higher than expected, rising 1.7% for July. This is down from 2.9% last month, mostly on the impact of a stronger dollar, which is a large component of import prices. Year over year, this equates to a rise of 21.6% in the prices of imports. Yes, energy is included in that number.

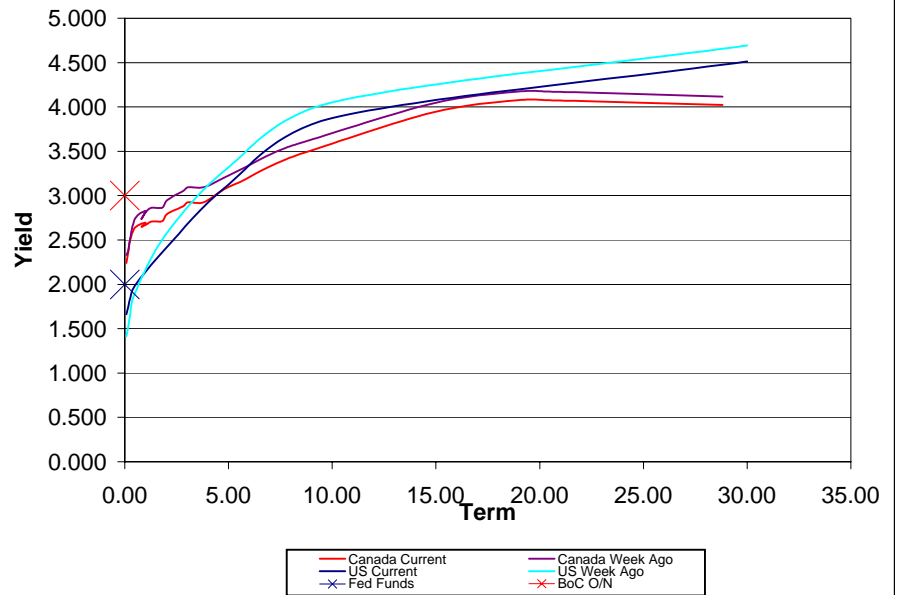
US Retail Sales showed a drop from June's levels in absolute terms. Dropping 0.1% for July reflects a disturbing slowdown, considering June was revised upwards to 0.3% AND (as mentioned above) the US government mailed out free money to everyone. Don't get us wrong, we believe in government spending during slowdowns, but that's supposed to be offset by fiscal restraint during the booms (like that little period from 2003 to 2007).

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ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 11	Housing Starts New House Price Index	210.0k 0.0%	186.5k 0.1%	No News		
TUES 12	International Merchandise Trade	C\$5.8	C\$5.8	Trade Balance IBD/TIPP Econ Optimism Monthly Budget Statement	-\$62.0B 39.00 -\$90.0b	-56.8 bln 42.80 -\$102.8 bln
WED 13	No News			ABC Consumer Confidence MBA Mortgage Apps Bloomberg Global Confidence Import Price Index MoM Import Price Index YoY Advanced Retails Sales Retail Sales less autos Business Inventories		-50 -1.5% 14.10 1.7% 21.6% -0.1% 0.5% 0.4%
THURS 14	No News			CPI CPI ex Food/Energy CPI YoY CPI ex Food/Energy YoY Initial Jobless Claims Continuing Claims	0.4% 0.2% 5.1% 2.4% 435k 3300k	
FRI 15	New Motor Vehicle Sales Manufacturing Shipments	0.0% 0.9%		Empire Manufacturing Net Long Term TIC flows Industrial Production Capacity Utilization U.Michigan Confidence	-4.4 \$52.5B 0.0% 79.8% 62.00	

Canada/US Yield Curve



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 BPS CHANGE	ROLL SPREAD CHANGE	
	30 Day 2.93	BANK RATE 3.00	BANK RATE 3.75	3M 65.6 2.5	2yr -5yr 66.2 30.0	
	60 Day 2.97		FED FUNDS 2	2Y 29.2 -1.3	2yr -10yr 110.0 23.0	
	90 Day 3.05		DISCOUNT 2.25	5Y -5.9 -0.5	2 yr -30yr 31.8 1.5	
	Indication only - actual rates may vary		LIBOR 3M 2.8044	10Y -30.0 0.5	5yr -10yr 43.9 -6.7	
				30Y -50.0 100.7	10yr -30yr 21.8 -21.0	TED Spread 1.17
						Week ago 1.36