

Fixed Income Snapshot

August 15, 2008

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	3.750	01-Jun-10	101.69	2.77	-0.01
5 YR	3.500	1-Jun-13	101.72	3.11	-0.03
10 YR	4.250	1-Jun-18	105.38	3.59	-0.06
30 YR	5.000	1-Jun-37	116.75	4.01	0.10



US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.750	31-Jul-10	100.63	2.42	0.05
5 YR	3.375	31-Jul-13	101.16	3.12	0.16
10 YR	4.000	15-Aug-18	101.02	3.87	0.19
30 YR	4.500	15-May-38	99.94	4.50	0.45



FIXED INCOME

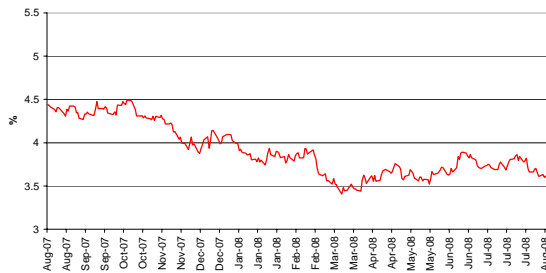


CAD\$ FOREIGN EXCHANGE CROSSES				US\$ FOREIGN EXCHANGE CROSSES				NOTABLE QUOTES
CROSS	SPOT	CHANGE	CAD Direction	CROSS	SPOT	CHANGE	USD direction	
USD/CAD	1.0595	-0.0045	+	EUR/USD	1.4751	-0.0057	+	
CAD/US	0.9438			GBP/USD	1.8670	-0.0009	+	
EUR/CAD	1.5640	-0.0128	+	USD/JPY	110.5000	0.7100	+	
GBP/CAD	1.9801	-0.0086	+					
CAD/JPY	104.1500	1.0900	+					

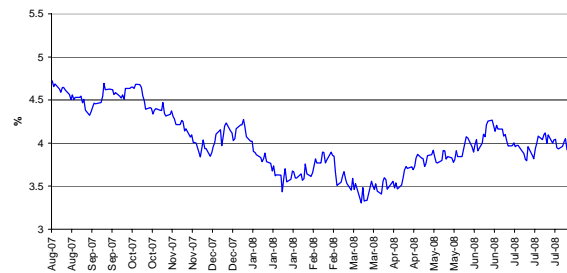


1 Year Charts

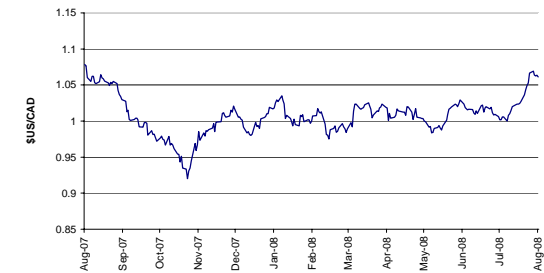
Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

Credit spreads have been under pressure late this week, the Markit IG index has ground out 5 bps. Particularly the financials in Canada have been marked slightly wider compared to Canadas as rumours of a new issue bank bond has circulated. It's been a while since we've seen a new deposit note, so there might be some truth to the rumour. There is much speculation of whether equity markets and credit markets are reflecting the same reality. We'd argue credit has priced in uglier scenarios that stocks, except in the financials, where the equity declines are obvious. Other credit has declined as well, particularly in the retail lending sector... this leads into Scott's comments yesterday regarding caution in the consumer discretionary sector.

Empire Manufacturing index was out this morning, surprising to the upside and printing in "expansion" or optimistic territory above zero. This is the first piece of good economic news we've gotten for some time. Cost of inputs continues to be one of the main problems, namely energy, which was the #1 concern.

In Canada, manufacturing shipments beat expectations, but last month was revised downwards. We'd like to say it was helped by the weaker dollar, but that won't be baked into the statistics for a couple of months. **New motor vehicle sales** declined 1% in June.

Loonies have been thrashing around this level of 1.0600 and despite oil and gold being down today are actually one of the strongest currencies in the world today. Particularly when measured against the Euro, we are seeing a sharp rally of a penny and a third.

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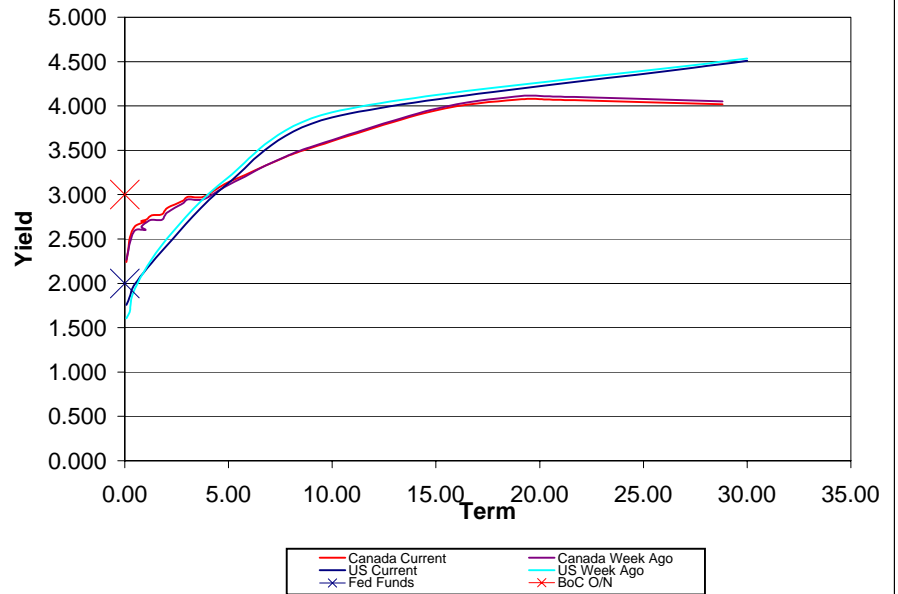
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ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 11	Housing Starts New House Price Index	210.0k 0.0%	186.5k 0.1%	No News		
TUES 12	International Merchandise Trade	C\$5.8	C\$5.8	Trade Balance IBD/TIPP Econ Optimism 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% 20.5% 21.6% -0.1% 0.5% 0.4% 0.5% 0.7%
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	0.8% 0.3% 5.6% 2.5% 450k 3417k
FRI 15	New Motor Vehicle Sales Manufacturing Shipments	0.0% 0.9%	-1.0% 2.1%	Empire Manufacturing Net Long Term TIC flows Industrial Production Capacity Utilization U.Michigan Confidence	-4.4 \$52.5B 0.0% 79.8% 62.00	2.8

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 67.7 2.1	2yr -5yr 36.2 1.5	
	60 Day 2.97		FED FUNDS 2	2Y 32.5 2.5	2yr -10yr 84.9 2.1	
	90 Day 3.05		DISCOUNT 2.25	5Y -2.0 1.2	2 yr -30yr 24.3 -0.4	
	indication only - actual rates may vary		LIBOR 3M 2.8088	10Y -28.6 1.4	5yr -10yr 48.7 0.6	
				30Y -50.0 101.1	10yr-30yr 39.4 -2.5	TED Spread 1.15
						Week ago 1.31