

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.750	01-Dec-10	100.91	2.31	-0.09
5 YR	3.500	1-Jun-13	102.21	2.98	-0.14
10 YR	4.250	1-Jun-18	103.60	3.80	-0.30
30 YR	5.000	1-Jun-37	112.80	4.22	-0.65



US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.000	30-Sep-10	100.57	1.70	-0.27
5 YR	3.125	30-Sep-13	100.81	2.95	-0.59
10 YR	4.000	15-Aug-18	99.67	4.04	-0.73
30 YR	4.500	15-May-38	103.92	4.27	-1.22



FIXED INCOME

CAD\$ FOREIGN EXCHANGE CROSSES

CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	1.1865	-0.0039	+
CAD/US	0.8428		
EUR/CAD	1.6057	0.0007	-
GBP/CAD	2.0513	0.0092	-
CAD/JPY	85.2800	1.5400	+

US\$ FOREIGN EXCHANGE CROSSES

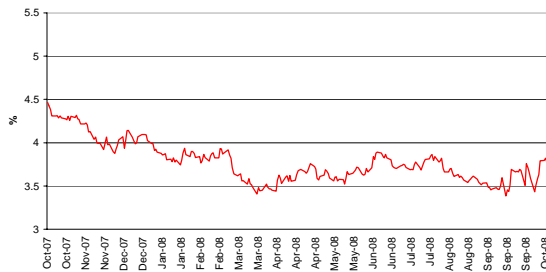
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.3531	0.0065	-
GBP/USD	1.7274	0.0126	-
USD/JPY	101.2100	1.4500	+

NOTABLE QUOTES

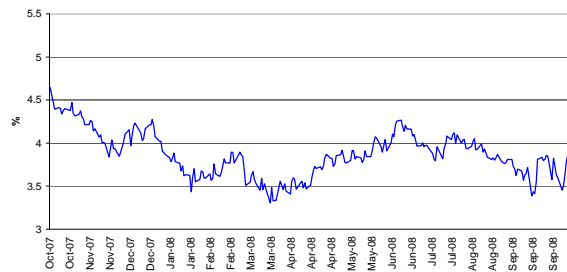


1 Year Charts

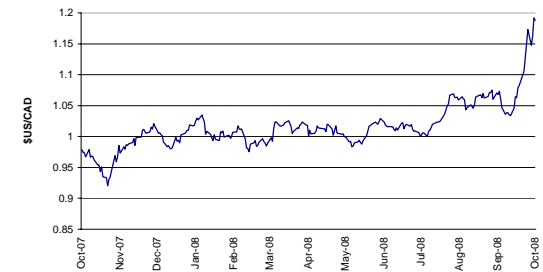
Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

US CPI is out this morning, coming in unchanged in the headline. This makes the headline 4.9% annualized, and the core 2.5%. This is lower than expected and should be bullish for both stocks and bonds. Sure enough, equity futures are ticking higher, as the Fed (if they haven't already) can focus completely on the growth part of the formula, without worrying about the inflation factor. Longer term it will come back on the radar, particularly if the Fed decides to keep rates very low for a very long time, but for now it is not a worry.

Jobless Claims had their first decline in 6 weeks, coming in at 461,000. This is still at worrying levels, and we'd like to see sustained declines, especially since **Continuing Claims** is still moving higher.

Bonds had a good day yesterday as stocks sold off, once again, with high quality government paper outperforming the corporates. There have been some improvements in the high quality corporate sector from last week though. Recall that we are looking for sustained improvements in the credit markets before we ring the all clear on the equity side. We're watching closely to see if this is a head fake, or the real deal.

Canadian Manufacturing Shipments were reported for August this morning, suffering a decline of 3.7%. This is a pretty ugly number, and the CAD\$ is trading lower in response. The Canadian economic data has been mixed lately, unfortunately, we will probably trend towards the US in terms of economic growth. This should keep bond yields low and weigh on the loonie.

This Swiss are joining the bailout party, with \$60 Bn injection going to Credit Suisse and UBS.

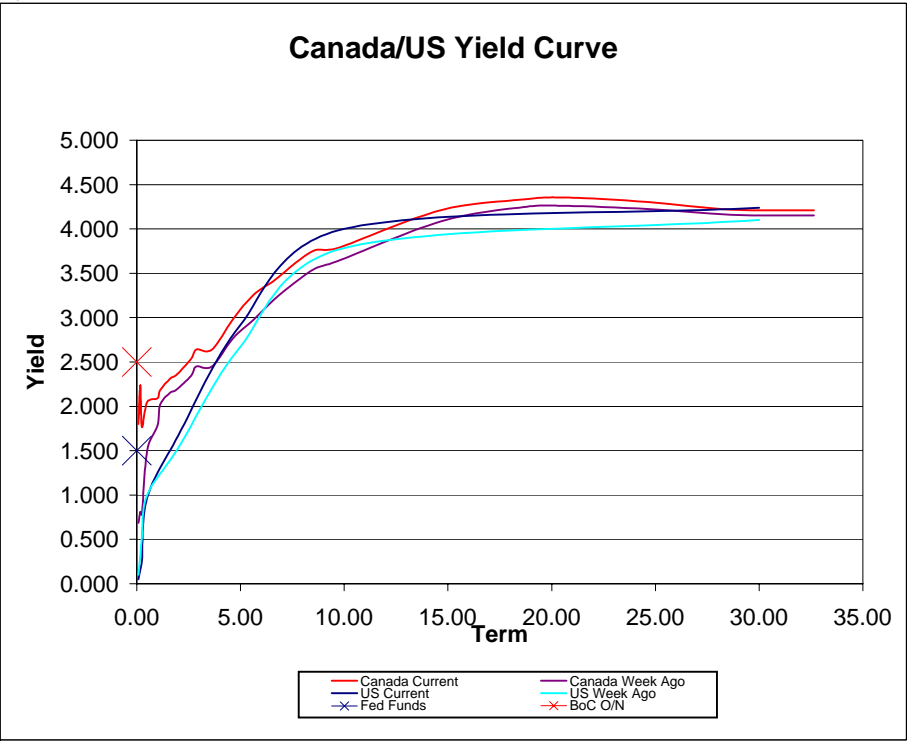
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October 16, 2008

ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 13						
TUES 14	New Motor Veh Sales	-1.0%	-2.3%	IBD/TIPP Econ Optimism Monthly Budget Statement	44.00 \$45.0B	41.10 \$45.7b
WED 15	No News			ABC Consumer Confidence MBA Mortgage Apps PPI MoM PPI Core MoM PPI YoY PPI Core YoY Advanced Retail Sales Retail sales Less Austos Empire Manufacturing		-48 5.1% -0.4% 0.4% 8.7% 4.00% -1.2% -0.6% -24.6
THURS 16	Manufacturing Shipments	-0.8%	-3.7%	CPI MoM CPI core MoM CPI YoY CPI core YoY Initial Jobless Claims Continuing Claims	0.1% 0.2% 5.0%	0.0% 0.1% 4.9% 2.5%
FRI 17	Unemployment Rate Net Change employment Int'l Merch Trade New House Price Index MoM	6.2% 10.0k C\$4.5 0.1%		Trade Balance Import Price Index Import Price Index YoY Business Outlook Future Sales	-\$59.0B -2.8% 12.2%	



Other Notable Economic Events	CDN Money Market	CANADIAN RATES	US RATES	CANADA-US SPREADS	YIELD CURVE SHIFTS	
	Bankers Acceptance	PRIME 4.25	PRIME 4.50	TERM 3M 141.0	ROLL 2yr -5yr 42.4	
	30 Day 2.92	BANK RATE 2.50	BANK RATE 3.25	5Y 3.6	SPREAD 2yr -10yr 119.0	CHANGE -26.0
	60 Day 3.00		FED FUNDS 1.5	10Y -24.2	CHANGE 2 yr -30yr 90.3	#N/A
	90 Day 3.06		DISCOUNT 1.75	30Y #N/A	CHANGE 5yr-10yr 76.3	-3.7
	Indication only - actual rates may vary		LIBOR 3M 4.5025		CHANGE 10yr-30yr 72.1	27.0
						TED Spread Week ago 5.49
						5.48