



# THE LAUNCH PAD



8:44:00 am EST	Close	1d	YTD%
S&P/TSX	9596.21	-229.38	-30.63
S&P 500	904.88	26.11	-36.60
DJIU	8695.79	248.02	-32.58
Nasdaq	1608.7	38.7	-37.89
	<b>Current</b>	<b>1d</b>	<b>YTD%</b>
FTSE 100	4364.96	113.72	-30.64
Dax	4938.46	133.87	-37.09
Hang Seng	14243.43	501.20	-46.99
Nikkei	8583	498.43	-40.67
	<b>Current</b>		<b>YTD%</b>
ICE WTI	65.28	4.17	-28.24
ICE Brent	61.58	4.20	-32.29
Nymex Nat G	7.117	0.36	-18.82
Nymex Gasol	143.7	9.02	-38.03
Gold	763.27	26.62	-8.47
Silver	10.5038	0.45	-29.00
Copper	1.6926	-0.025	-43.82
Zinc	0.4826	-0.001	-54.79
Aluminum	0.8647	-0.036	-19.17
Nickel	4.9042	-0.193	-58.43
<b>Fixed Income-Canada</b>	<b>Last</b>		<b>bpYTD</b>
2Y	1.94	0.027	-1.81
5Y	2.811	0.036	-1.06
10Y	3.751	0.030	-0.24
30Y	4.245	0.016	0.14
<b>Fixed Income-U.S.</b>	<b>Last</b>		<b>bpYTD</b>
2Y	1.3707	0.048	-1.68
5Y	2.6115	0.050	-0.83
10Y	3.8273	0.034	-0.20
30Y	4.2852	0.012	-0.01
<b>Currency</b>	<b>Last</b>		<b>YTD%</b>
C\$/USD	\$0.8501	-17.82%	
US\$/EUR	\$0.7749	-13.05%	
USD/¥	¥ 99.055	11.36%	
USD/C\$	\$1.1763	15.14%	

## Morning Comments

**Overseas markets** are surging on the back of **China's launch of a \$586 billion economic-stimulus plan**. China's plan includes spending on infrastructure to stimulate the economy through 2010. The Nikkei and the Hang Seng are up 6% and 4% respectively. European markets are following suit, and US equity futures are pointing to a stronger opening.

**Circuit City** has declared itself a victim of slowing consumer spending (and poor business strategy?) by filing for Chapter 11 bankruptcy this morning. CC shares are trading at about 0.20, down from a high of \$8 this year.

**AIG** has received more federal aid this morning, as Washington pumped another \$40 billion into the insurer in exchange for shares. This is part of the \$700 billion TARP program, and involves restructuring some of the AIG aid from loans to equity ownership for the taxpayer.

**Nortel** announced a loss of \$3.4 billion for the 3rd quarter, and plans to lay off another 1300 workers. Do they still have \$3.4 bn to lose? NT's market cap has dropped to a paltry \$741 million, and has posted an annualized return of -91%. Someone please put Canadian out of our misery on this stock!

As **GM, Ford and Chrysler** approach the government hat in hand, claiming they won't survive for long without government assistance, finance minister Jim Flaherty is considering aid to the "big" three as long as the assistance goes towards plants that can survive "in the long term". We're not sure how that works... they need to pay for legacy workers and cars that people aren't buying. Perhaps the aid should go directly to the R&D department. In the US – they are asking the Fed and the Treasury to include the big 3 under the TARP assistance plan that has been extended to the banks.

While we favour some assistance for an industry that employs so many, we'd argue that something has to be done. This industry has been slowly bleeding since Honda introduced the Civic in 1972. The big 3 should negotiate harder with unions, and build some cars that people want to buy.

Please see the next page for the Fixed Income and Economic comments.

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.750	01-Dec-10	101.61	1.95	-0.09
5 YR	3.500	1-Jun-13	102.94	2.81	-0.23
10 YR	4.250	1-Jun-18	103.85	3.77	-0.35
30 YR	5.000	1-Jun-37	112.30	4.25	-0.40



US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	1.500	31-Oct-10	100.23	1.38	-0.10
5 YR	2.750	31-Oct-13	100.60	2.62	-0.27
10 YR	4.000	15-Aug-18	101.30	3.84	-0.34
30 YR	4.500	15-May-38	103.53	4.29	-0.33

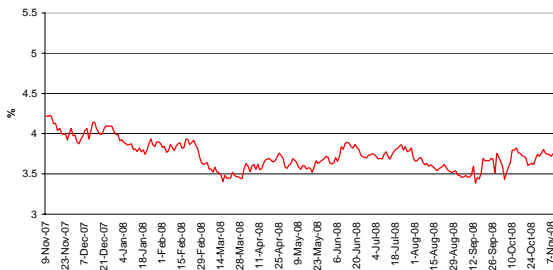


**FIXED INCOME**

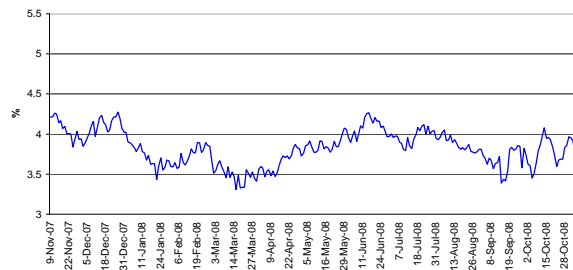
CAD\$ FOREIGN EXCHANGE CROSSES				US\$ FOREIGN EXCHANGE CROSSES				NOTABLE QUOTES
CROSS	SPOT	CHANGE	CAD Direction	CROSS	SPOT	CHANGE	USD direction	
USD/CAD	1.1761	-0.0009	+	EUR/USD	1.2915	0.0096	-	
CAD/US	0.8503			GBP/USD	1.5808	-0.0002	+	
EUR/CAD	1.5186	0.0096	-	USD/JPY	99.1200	-0.0800	-	
GBP/CAD	1.8593	-0.0013	+					
CAD/JPY	84.2100	-0.0400	-					

**1 Year Charts**

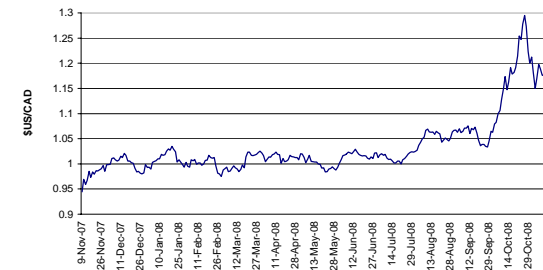
**Canada Ten Year Yield**



**US Ten Year Yield**



**CAD\$**



**Daily Commentary**

Bonds are starting the day lower as the carry trade and risk taking are gaining traction this morning. China's huge stimulus package is encouraging investors to buy shares in all kinds of infrastructure plays.

Yen and US\$ are trading lower as more risk is being taken. This whole stimulus package is certainly good news for the markets, but it does raise the question – **How bad is it in China?** We've heard lots of anecdotal evidence from those that do business there regarding the overcapacity that had been built, and now the subsequent idle factories, idle workers, empty hotels and restaurants. Frankly, this is surprising given China's forecasts of 7-8% GDP growth for 2009. Sure, that's down from 11%-12%, but it should certainly still be robust enough to maintain decent growth.

**Canada reported Housing Starts and New house price index** this morning, both beating expectations. Surprisingly, Canada showed house price gains of 0.1% for September, and 211,800 housing starts. This is robust given the backdrop of tightening credit standards we are seeing out of the banks.

CAD\$ are much stronger this morning on the back of the risk taking trade. Oil is also trading higher on the same basis.

Enbridge Gas distribution managed to sell a 7 year bond into the market last week, pricing \$200 million @ 283 bps over Canada 2014 bonds. While it is far more than they used to pay, it is still relatively inexpensive financing for Enbridge, as Canada yields are so low. The issue sold very well to institutional clients, proving that the market remains well bid particularly for big, liquid, non-financial corporate debt.

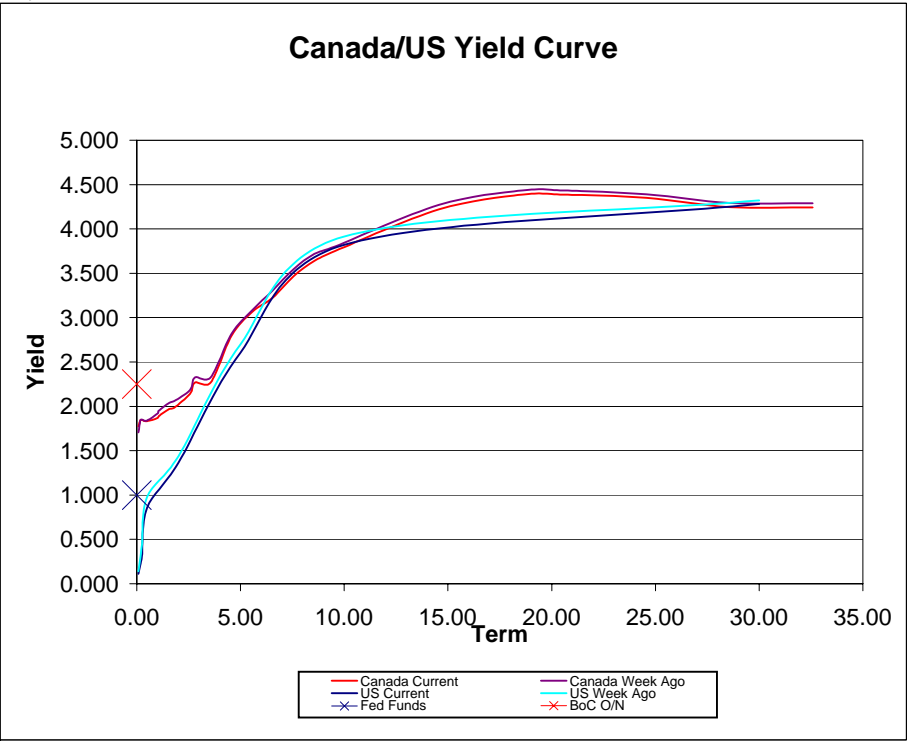
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November 10, 2008

ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
<b>MON 10</b>	Housing Starts New House Price Index	200.00 -0.1%	211.8k 0.00	No News		
<b>TUES 11</b>	No News			IBN/TIPP Econ Optimism		
<b>WED 12</b>	No News			ABC Consumer Confidence Bloomberg Global Confidence MBA Mortgage Applc's		
<b>THURS 13</b>	Int'l Merch Trade	C\$4.8		Trade Balance	-57.0B	
<b>FRI 14</b>	Manufacturing Shipments New Motor Veh Sales	-1.5% 1.0%		Initial Jobless Claims Continuing Claims Import Price Index Import Price Index Advanced Retail Sales Retail Sales less Autos U.Mich Confidence Business Inventories	480k 3838k -4.4% -2.1% -1.2%	



Other Notable Economic Events	CDN Money Market	CANADIAN RATES	US RATES	CANADA-US SPREADS	YIELD CURVE SHIFTS	
	<b>Bankers Acceptance</b>	PRIME 4.00	PRIME 4.00	TERM 3M 154.0	ROLL 2yr -5yr 80.0	
	30 Day 2.30	BANK RATE 2.25	BANK RATE 2.75	CHANGE -3.6	SPREAD 2yr -10yr 178.0	CHANGE -5.1
	60 Day 2.28		FED FUNDS 1	CHANGE -0.4	2 yr -30yr 31.1	CHANGE -1.6
	90 Day 2.32		DISCOUNT 1.25	5Y 18.4		
	indication only - actual rates may vary		LIBOR 3M 2.2350	10Y -7.2	5yr-10yr 98.0	1.6
				30Y -3.5	10yr-30yr 53.1	1.9
						<b>TED Spread Week ago</b> 2.69 / 3.81