

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.750	1-Dec-10	102.42	1.49	-0.01
5 YR	3.500	1-Jun-13	105.73	2.14	0.03
10 YR	4.250	1-Jun-18	109.65	3.07	0.15
30 YR	5.000	1-Jun-37	121.70	3.75	0.17

US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	1.250	30-Nov-10	100.91	0.78	-0.02
5 YR	2.000	30-Nov-13	102.21	1.53	-0.09
10 YR	3.750	15-Nov-18	110.34	2.55	0.17
30 YR	4.500	15-May-38	128.19	3.04	-0.23



FIXED INCOME



CAD\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	1.2251	-0.0208	+
CAD/US	0.8163		
EUR/CAD	1.6586	-0.0072	+
GBP/CAD	1.8469	-0.0166	+
CAD/JPY	73.6400	0.3800	+

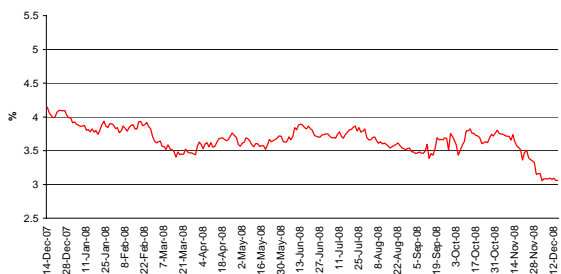
US\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.3542	0.0170	-
GBP/USD	1.5075	0.0119	-
USD/JPY	90.2800	-1.0400	-

NOTABLE QUOTES

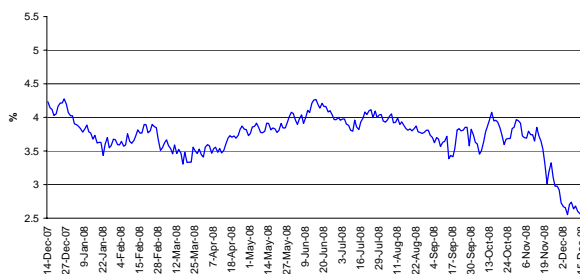


1 Year Charts

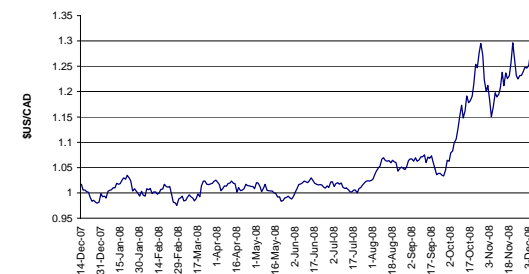
Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

It appears that the markets are still somewhat exhausted from selling the bad news. In general, it keeps coming, but 10 year treasury yields are holding where they are, as opposed to continuing ever lower. This is despite news of further devaluation of Rubles, further discovery in the \$50bn Madoff scandal, and more LBO deals falling apart (the most recent in Apollo's Huntsman purchase)

It is also a Fed meeting week – if the Fed governors have not been working hard enough already, they will have to get their regularly scheduled meeting in this week also. Tomorrow, economists expecting 50 bps out of the Fed, which would cut Fed funds in half. It's hard to say what the market is looking for, but some would argue 75 bps is more likely. That would bring the O/N rate in the US down below Japan levels. Once again – it's not like it really matters what the rate is. Money is practically free already... to the banks. All of this rate posturing does nothing if the lower rates aren't filtering down to the people that need it (ahem... Canadian banks I'm talking to you).

US Empire Manufacturing Index is out this morning, posting at -25.76, basically flat to last month and slightly better than expected. It is still a pretty bad number for a survey index. Employment, Unfilled Orders and New Orders were the weakest points of the survey, although it was weak across the board.

The corporate credit environment continues to bounce along the bottom, having shown very little improvement over the past couple of weeks.

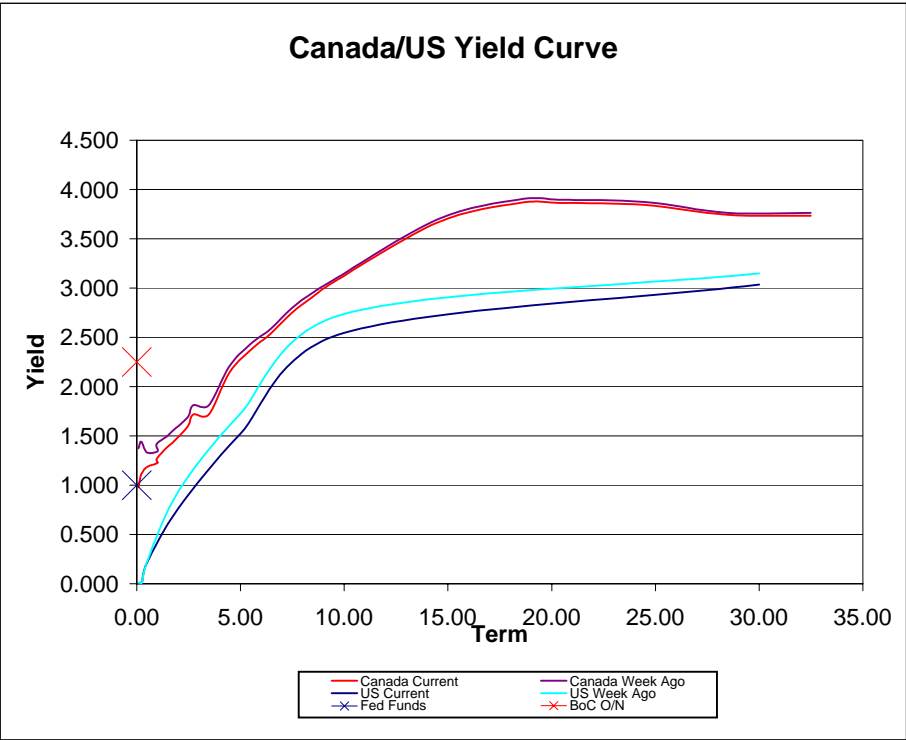
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ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 15	No News			Empire Manufacturing Net Long Term TIC Flows Total Net TIC Flows Industrial Production Capacity Utilization NAHB House Price Index	-28 -0.8% 75.6% 10.00	-25.7
TUES 16	Manufacturing Shipments	-0.4%		CPI CPI core CPI YoY CPI core YoY Housing Starts Building Permits FOMC RATE DECISION ABC Consumer Confidence	-1.3% 0.1% 1.5% 2.1% 738k 700k 0.5% -52	
WED 17	WholeSale Sales	-0.5%		MBA Mortgage Apps Bloomberg Global Confidence Current Account Balance		-\$179.0B
THURS 18	Int'l Securities Transactions Leading Indicators Retail Sales Retail sales less autos	-1.000B -0.4% -1.1% -1.0%		Philadelphia Fed Leading Indicators Initial Jobless Claims Continuing Claims	-40.2 -0.4% 555k 4375k	
FRI 19	CPI CPI YoY CPI core CPI core YoY	-0.8% 1.5% -0.10% 1.6%		No News		



Other Notable Economic Events	CDN Money Market	CANADIAN RATES	US RATES	CANADA-US SPREADS	YIELD CURVE SHIFTS	
	Bankers Acceptance	PRIME 3.50	PRIME 4.00	TERM 3M 108.0	ROLL 2yr -5yr 66.7	
	30 Day 1.39	BANK RATE 1.50	BANK RATE 2.75	CHANGE -5.9	SPREAD 2yr -10yr 158.0	
	60 Day 1.42		FED FUNDS 1	CHANGE -1.2	CHANGE 2 yr -30yr 26.3	
	90 Day 1.47		DISCOUNT 1.25	#N/A	CHANGE 5yr -10yr 92.1	
	indication only - actual rates may vary		LIBOR 3M 1.8713	10Y 51.1	CHANGE 10yr-30yr 67.5	
				30Y #N/A 141.4		
						TED Spread Week ago 2.54 2.99