

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.750	1-Dec-10	103.00	1.14	0.00
5 YR	3.500	1-Jun-13	106.93	1.85	-0.10
10 YR	4.250	1-Jun-18	110.95	2.91	-0.38
30 YR	5.000	1-Jun-37	123.30	3.67	-0.70

US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	0.875	31-Dec-10	100.09	0.83	-0.09
5 YR	1.500	31-Dec-13	99.02	1.69	-0.14
10 YR	3.750	15-Nov-18	110.84	2.49	-0.27
30 YR	4.500	15-May-38	128.13	3.04	-1.17

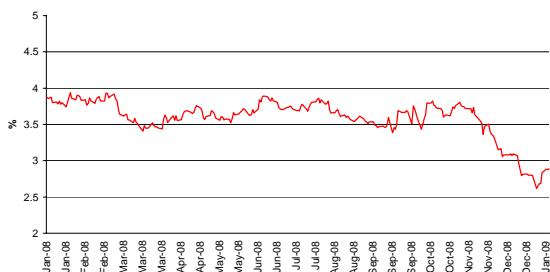


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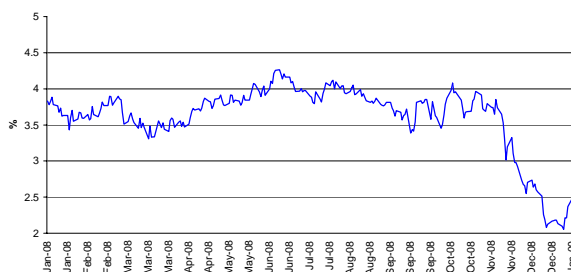
CAD\$ FOREIGN EXCHANGE CROSSES				US\$ FOREIGN EXCHANGE CROSSES				NOTABLE QUOTES
CROSS	SPOT	CHANGE	CAD Direction	CROSS	SPOT	CHANGE	USD direction	
USD/CAD	1.1794	-0.0051	+	EUR/USD	1.3709	0.0188	-	
CAD/US	0.8479			GBP/USD	1.5091	0.0160	-	
EUR/CAD	1.6164	0.0160	-	USD/JPY	92.5400	-1.1100	-	
GBP/CAD	1.7781	0.0109	-					
CAD/JPY	78.5300	-0.6200	-					

1 Year Charts

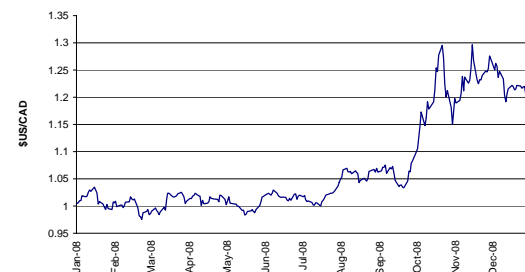
Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

Yesterday's **ISM non-manufacturing index** was a rare positive surprise... that is if you call a 40.6 positive. Still well below the expansion contraction line, but off its lows and much better than the market was expecting.

The good economic news ends there. **Challenger Job cut announcements** were up 275% over this time last year. **ADP Employment Change** is also out this morning; a loss of 693,000 jobs was well below expectations, and last month's number was revised down by 226,000 to a total loss of 476,000 in November.

These are some serious job losses ahead of Friday's big employment numbers. The market is expecting an unemployment rate of 7% compared to last month's 6.7%. This is rising fast and it's the greatest concern to us.

We have seen credit indicators improving lately. They have gone from Armageddon awful to just terrible in the past two week. This is the good news, but we fear, given these employment numbers, that we will navigate through the leverage crisis right into the middle of a horrible recession. With continuing jobless claims running around 4.5 million, spending will be depressed for quite some time. Now, we know the market will lead the economy in a recovery, the question is: Is this it? We will do more work to decide.

GE issued a new US\$ 30 year bond yesterday. In a slightly different twist, it was shown to the market and they let the market decide the rate of the bond. Not that the market doesn't influence every issue that comes, but generally underwriters assign a price (yield) that they think will get the issue done and tell the market where it is. This was more like a government auction, and the market decided that 6.875% is the coupon for AAA rated 30 year GE Capital. This is another good sign that the credit crisis is passing. At about 400 bps over Treasuries, GE has proven that the market will pay a reasonable price, even for financial paper

The CAD\$ strength continues despite weaker equity futures. Normally we associate the loonie with risk taking, but today is a little different. Government bonds are all lower, equities are pointing lower here and overseas, but the US\$ is down against virtually all the majors.

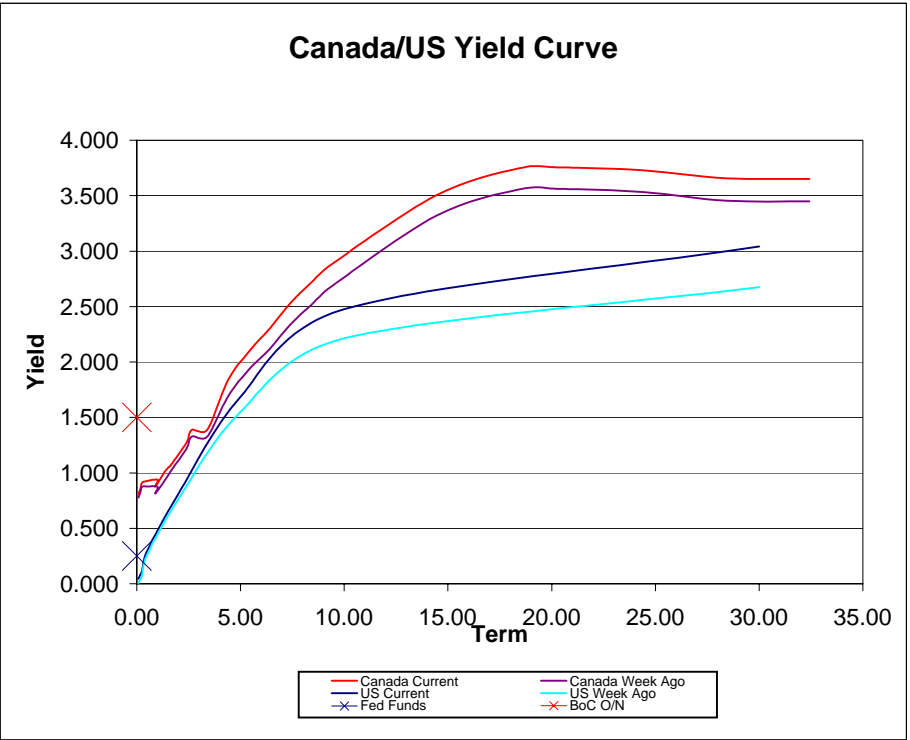
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January 7, 2009

ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 5	No News			Construction Spending Total Vehicle Sales Domestic Veh Sales	-1.2% 10.0M 7.5M	-0.6% 10.3M 7.8M
TUES 6	Industrial Product Price MoM Raw Materials Prices MoM	-1.0% -9.0%	-2.6% -13.4%	ISM Non-Manufacturing Factory Orders Pending Home Sales	37.00 -2.2% -1.0%	40.60 -4.6% -4.0%
WED 7	No News			ABC Consumer Confidence MBA Mortgage Apps Challenger Job Cuts ADP Employment Change		-49 -8.2% 274.50k -672k
THURS 8	Ivey PMI	37.50		ICSC Chain Store Sales YoY Consumer Credit	\$0.3B	
FRI 9	Unemployment Rate Net Change Employment Housing Starts Building Permits MoM	6.5% -22k 172.5k -5.0%		Initial Jobless Claims Continuing Claims Change Nonfarm Payrolls Unemployment Rate Change Manufacturing payrolls Avg Hourly Earnings MoM Avg Hourly Earnings YoY Avg Weekly Hours Wholesale Inventories	540k 4463k -495k 7.0% -100k 0.2% 33.50 -0.8%	



Other Notable Economic Events	CDN Money Market	CANADIAN RATES	US RATES	CANADA-US SPREADS	YIELD CURVE SHIFTS	
	Bankers Acceptance	PRIME 3.50	PRIME 3.25	TERM 3M 78.3 0.0	ROLL 2yr -5yr 73.1 5.2	
	30 Day 1.25	BANK RATE 1.50	BANK RATE 2.00	5Y 15.5 -0.8	SPREAD 2yr -10yr 175.0 3.5	
	60 Day 1.23		FED FUNDS 0-0.25	10Y 42.1 1.1	CHANGE 2 yr -30yr 52.5 2.3	
	90 Day 1.16		DISCOUNT 0.5	30Y 62.5 127.0	5yr -10yr 102.0 -1.7	
	Indication only - actual rates may vary		LIBOR 3M 1.3975		10yr-30yr 77.1 -0.9	
						TED Spread Week ago 1.73 1.67