

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.750	1-Dec-10	102.80	1.15	0.07
5 YR	3.000	1-Jun-14	104.80	2.04	0.42
10 YR	4.250	1-Jun-18	111.00	2.89	#N/A
30 YR	#N/A	#N/A	#N/A	#N/A	#N/A

US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	0.875	31-Jan-11	#N/A	#N/A	0.16
5 YR	1.750	#N/A	#N/A	#N/A	0.72
10 YR	2.750	15-Feb-19	#N/A	2.72	1.47
30 YR	3.500	15-Feb-39	99.14	3.55	#N/A

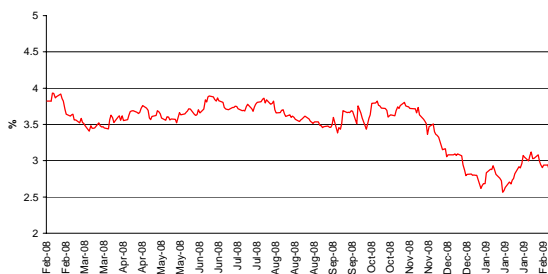


**FIXED INCOME**

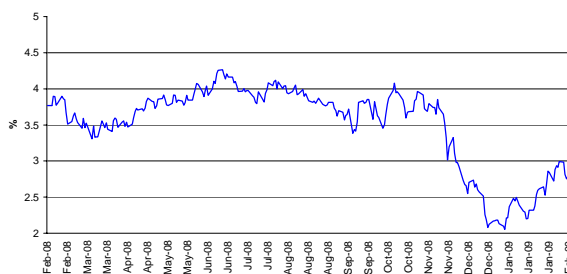
CAD\$ FOREIGN EXCHANGE CROSSES				US\$ FOREIGN EXCHANGE CROSSES				NOTABLE QUOTES
CROSS	SPOT	CHANGE	CAD Direction	CROSS	SPOT	CHANGE	USD direction	
USD/CAD	#N/A	0.0199	-	EUR/USD	#N/A	-0.0180	+	
CAD/US	#N/A			GBP/USD	1.4249	-0.0036	+	
EUR/CAD	1.5935	0.0033	-	USD/JPY	91.9300	0.2000	+	
GBP/CAD	1.8003	0.0238	-					
CAD/JPY	72.7600	-0.9900	-					

**1 Year Charts**

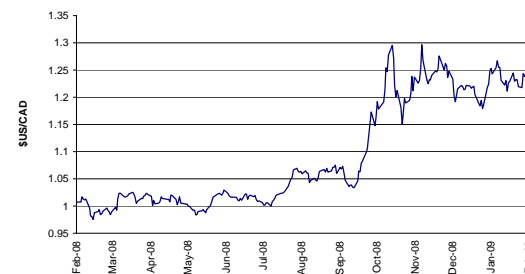
**Canada Ten Year Yield**



**US Ten Year Yield**



**CAD\$**



**Daily Commentary**

Treasuries are sharply higher this morning and the C\$ is materially lower, two of the classic signs that the market is not willing to take any risk today. Some terrible economic data over the long weekend is sparking fresh concerns over corporate profits.

**The Empire State factory** index came in at -34.7 for the February survey. Unlike the ISM and Philadelphia surveys, which showed modest improvements this month over last, the Empire is a big disappointment. The market was expecting -23.75 and this makes a fresh new low. Add this to the list of poor economic news being released globally and the tone is not good for the morning.

The international trade data is currently one of the most worrying trends. As governments try to stem the bleeding, the natural reaction is to cut off foreigners direct more cash to internal producers. "Buy American" is a perfect example. Now, however, protectionist claws are coming out. Brazil, of all countries, who has been notoriously protectionist themselves even through the boom times, is now considering taking the USA to the World Trade Organization to fight the "Buy American" clause of the stimulus package. These types of battles will get worse as countries try to protect their own interests. The ironic part is that much of the decline in trade is simply because American households are choosing to buy less, NOT because they are being forced to buy American.

We still recommend traders to get long the Treasury bonds, as this fresh round of profit concerns should propel government bonds higher. Those in the corporate space should sit tight and collect coupons.

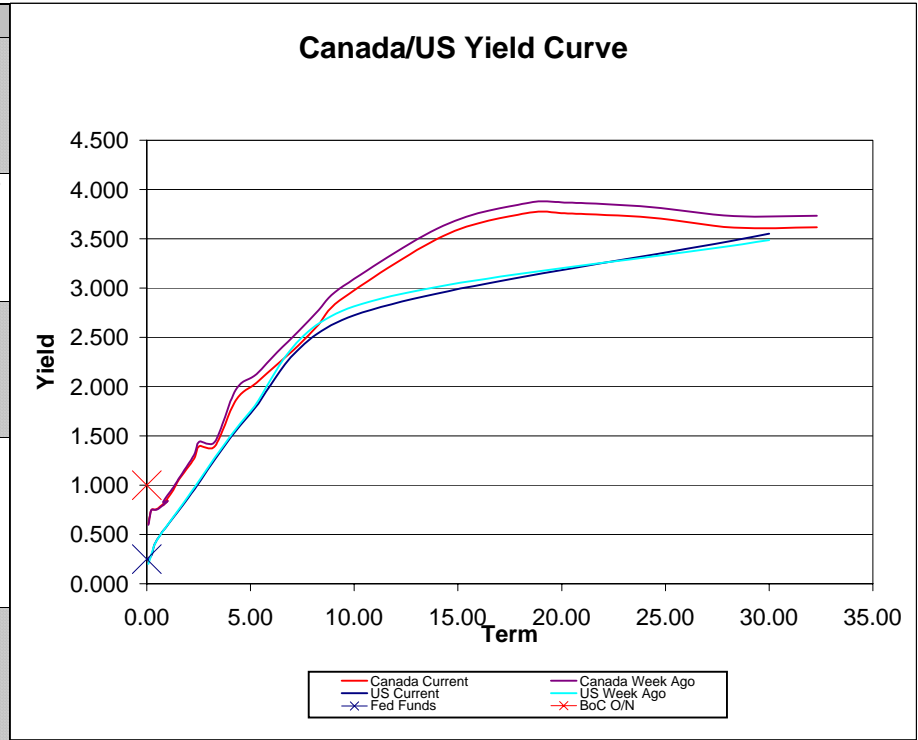
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February 17, 2009

ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 16	No News			No News		
TUES 17	No News			Empire Manufacturing Net Long Term TIC Flows NAHB Housing Market Index	(23.75) \$20.0bn 8	-34.65
WED 18	Wholesale Sales	-2.0%		ABC Consumer Confidence Import Price Index MoM Import Price Index YoY Housing Starts Building Permits Industrial Production Capacity Utilization	-1.2% -11.2% 530k 525k -1.5% 72.4%	
THURS 19	Leading Indicators	-0.7%		Producer Price Index MoM PPI ex Food/Energy MoM Producer Price Index YoY PPI ex Food/Energy YoY Philadelphia Fed  Initial Jobless Claims Continuing Claims	0.2% 0.1% -2.4% 3.8% -25.0  620k 4831k	
FRI 20	CPI MoM CPI YoY CPI core MoM CPI core YoY	-0.2% 1.2% -0.1% 2.2%		CPI MoM CPI core MoM CPI YoY CPI core YoY	0.3% 0.1% -0.1% 1.5%	



Other Notable Economic Events	CDN Money Market	CANADIAN RATES	US RATES	CANADA-US SPREADS	YIELD CURVE SHIFTS	
	Bankers Acceptance 30 Day 0.72 60 Day 0.70 90 Day 0.68  indication only - actual rates may vary	PRIME 3.00 BANK RATE 1.00	PRIME 3.25 BANK RATE 2.00 FED FUNDS 0-0.25 DISCOUNT 0.5 LIBOR 3M 1.2456	TERM #N/A BPS #N/A CHANGE #N/A 2Y 27.5 5Y 30.8 10Y 14.2 30Y 7.5	ROLL #N/A SPREAD #N/A CHANGE #N/A 2yr -5yr #N/A 2yr -10yr #N/A 2 yr -30yr #N/A 5yr-10yr #N/A 10yr-30yr #N/A	TED Spread 1.35 Week ago 1.33