

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.750	1-Dec-10	103.10	0.94	0.03
5 YR	3.000	1-Jun-14	105.80	1.83	0.27
10 YR	3.750	1-Jun-19	107.08	2.94	0.62
30 YR	5.000	1-Jun-37	124.35	3.62	1.00



US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	0.875	# N/A	99.95	0.90	0.06
5 YR	1.875	28-Feb-14	100.14	1.85	0.41
10 YR	2.750	15-Feb-19	98.84	2.89	0.72
30 YR	3.500	15-Feb-39	98.78	3.57	1.84



FIXED INCOME

CAD\$ FOREIGN EXCHANGE CROSSES

CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	1.2881	0.0141	-
CAD/US	0.7763		
EUR/CAD	1.6128	-0.0005	+
GBP/CAD	1.8103	0.0016	-
CAD/JPY	77.1000	-0.5400	-

US\$ FOREIGN EXCHANGE CROSSES

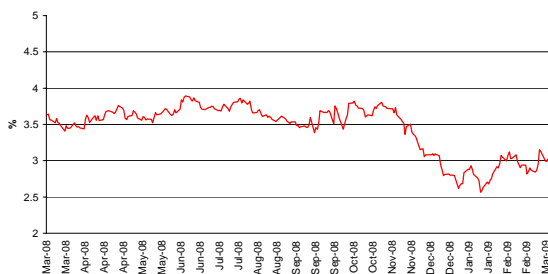
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.2515	-0.0119	+
GBP/USD	1.4076	-0.0113	+
USD/JPY	99.1700	0.1800	+

NOTABLE QUOTES

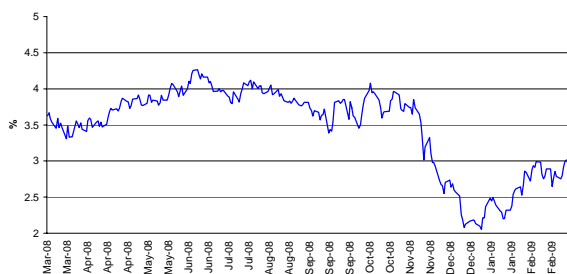


1 Year Charts

Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

The Central Bank rate cuts are coming fast and furious following the BoC cut on Tuesday. This morning, both the BoE and the ECB have cut by 50 bps to 0.50% and 1.5% respectively. The standout this week has been the RBA. Perhaps they are better off down under. Comments out of England echoed those in Canada as they approached zero. Quantitative easing is a possibility as they try to get the UK banks to lend more.

This brings us to a sticking point we've had with those calling for "more lending" and higher inflation because of the easy monetary policy.

We could be embarking on a new era whereby the boomer generation, the first of whom were to begin retiring now, has a fundamental shift in behaviour. Having thought they would rely on their houses and their stock portfolios to retire, they are now looking at working longer and just plain banking their earnings in hopes to once again build up enough money to retire. This changes an entire generation from being borrowers to being lenders. Instead of taking out mortgages, car loans, lines of credit, and buying stocks on margin, they will be working longer, downsizing houses and *lending* in the form of buying GIC's, government (or other) bonds and plain old savings accounts. How many of you are buying more GIC's for your clients than you were a year ago?

So the question remains – while the central banks are all trying their hardest to get the banks to lend more, what if people don't want to borrow? Lot's of lenders will keep rates low and put a damper on inflation as money gets banked instead of spent.

Yesterday's **ISM Non-Manufacturing** index actually did not disappoint. While the sectors of the survey that are important are still weak (largely employment), the overall index came in pretty close to last month. We still await payrolls tomorrow as the big number of the week, but we've got Jobless Claims to watch this morning. Still running over 5 million, continuing claims actually showed improvement over last week @ 5.106 million. Not exactly reason to celebrate, but having both initial and continuing claims pull back from their breakneck pace for a week can't hurt.

Canadian Building Permits dropped at an accelerated pace for January, down 4.6% from the previous month. The market was expecting worse, however.

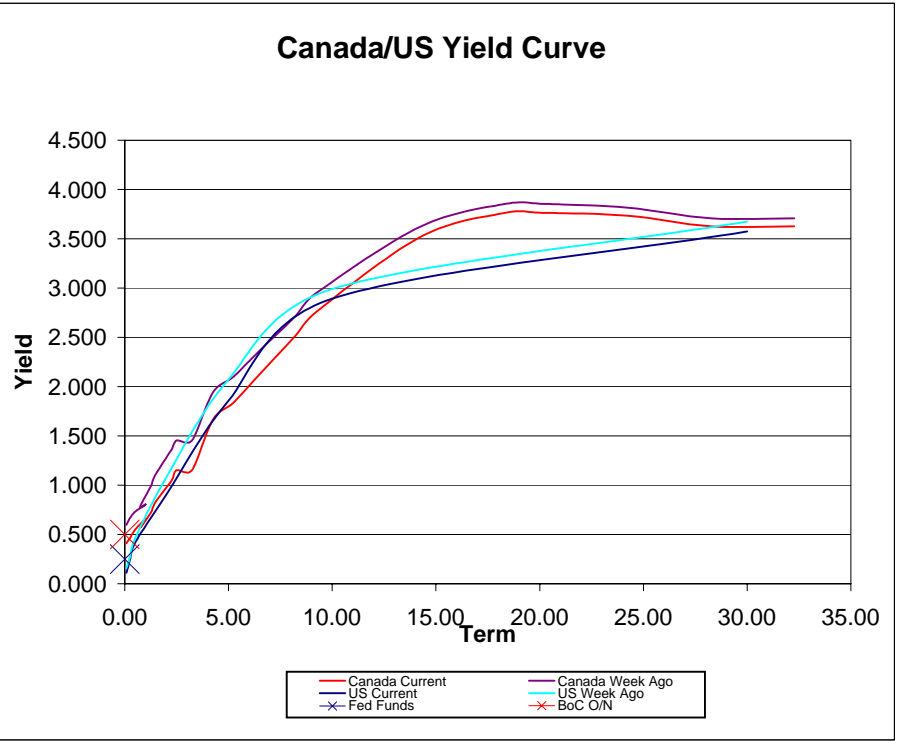
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ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 2	GDP MoM	-0.7%	-1.0%	Personal Income	-0.2%	0.4%
	Quarterly GDP, annualized	-3.7%	-3.4%	Personal Spending	0.4%	0.6%
				PCE Deflator	0.5%	0.7%
				PCE Core MoM	0.1%	0.1%
				PCE Core YoY	1.6%	1.6%
				ISM Manufacturing	33.80	35.80
				ISM Prices Paid	33.5	29.00
TUES 3	BoC Rate Decision	0.50%		Pending Home Sales	-3.0%	-7.7%
				Total Vehicle Sales	9.5M	9.1M
				Domestic Vehicle Sales	6.8M	6.4M
				ABC Consumer Confidence		
WED 4	No News			Challenger Job Cuts		158.5%
				ADP Employment Change		-697k
				ISN NonManufacturing		41.6
				RPX Comp Home Px YoY		-21.43%
THURS 5	Building Permits MoM Ivey PMI	-5.0% 38.00	-4.6%	ICSC Chain Store Sales		
				Nonfarm productivity	1.4%	-0.4%
				Unit Labor Costs	3.5%	5.7%
				Factory Orders	-3.5%	
FRI 6	No News			Initial Jobless Claims	650k	639k
				Continuing Claims	5170k	5106k
FRI 6	No News			Change - NonFarm Payrolls	-650k	
				Unemployment Rate	7.9%	
				Change Manufacturing Payrolls	-198k	
				Avg Hourly Earnings	0.2%	
				avg Weekly Hours	33.30	
Consumer Credit	-\$4.7bn					



Other Notable Economic Events	CDN Money Market	CANADIAN RATES	US RATES	CANADA-US SPREADS			YIELD CURVE SHIFTS			
	Bankers Acceptance	PRIME 2.50	PRIME 3.25	TERM	BPS	CHANGE	ROLL	SPREAD	CHANGE	
	30 Day 0.48	BANK RATE 0.50	BANK RATE 2.00	3M	20.1	0.5	2yr -5yr	9.1	2.5	
	60 Day 0.50		FED FUNDS 0-0.25	2Y	4.2	1.2	2yr-10yr	0.2	3.9	
	90 Day 0.50		DISCOUNT 0.5	5Y	-0.8	4.1	2 yr -30yr	67.5	2.1	
	Indication only - actual rates may vary		LIBOR 3M 1.2838	10Y	6.1	2.7	5yr-10yr	11.1	1.4	
				30Y	4.8	5.1	10yr-30yr	7.3	1.8	
										TED Spread Week ago 1.41 1.38