

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.750	1-Dec-10	102.97	0.99	-0.02
5 YR	3.000	1-Jun-14	105.29	1.93	-0.08
10 YR	3.750	1-Jun-19	106.90	2.96	-0.30
30 YR	5.000	1-Jun-37	123.25	3.67	-0.75

US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	0.875	28-Feb-11	99.69	1.04	-0.07
5 YR	1.875	28-Feb-14	99.56	1.98	-0.38
10 YR	2.750	15-Feb-19	98.28	2.97	-0.88
30 YR	3.500	15-Feb-39	96.42	3.70	-1.39



FIXED INCOME



CAD\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	1.2706	-0.0070	+
CAD/US	0.7870		
EUR/CAD	1.6425	-0.0077	+
GBP/CAD	1.7816	0.0002	-
CAD/JPY	77.3700	1.0000	+

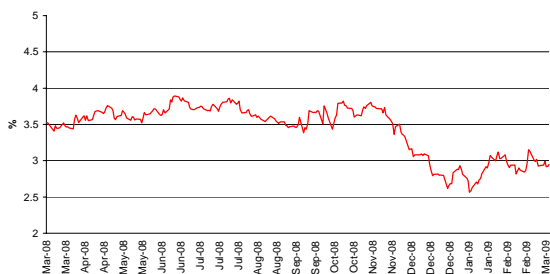
US\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.2918	0.0011	-
GBP/USD	1.4017	0.0077	-
USD/JPY	98.3600	0.7300	+

NOTABLE QUOTES

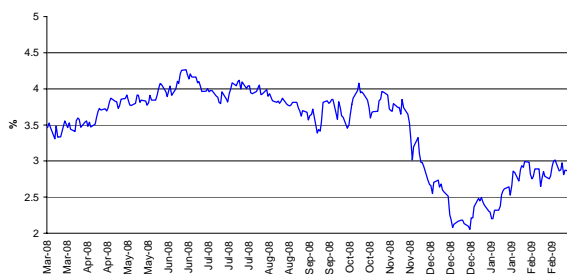


1 Year Charts

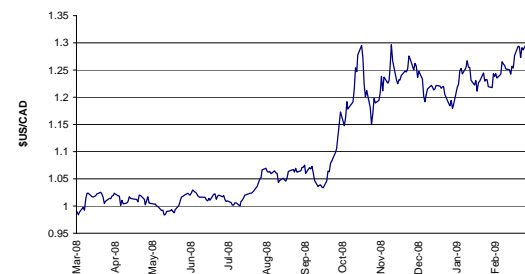
Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

Onwards and upwards after two AAA behemoths have been downgraded? Both GE and Berkshire were downgraded yesterday. GE to AA+ by Standard and Poors, and Berkshire Hathaway to AA+ (neg outlook) by Fitch. Berkshire is, after all, largely a financial company.

As GE was trading into the junk range, the market actually took this as a positive and rallied, relieved that the downgrade didn't cut deeper (perhaps into the single A's). Among the big, liquid US\$ issues, GE Cap has seen a travel of ten points in the last week, making it a wild ride for holders. They are still trading like BBB rated debt, in terms of yield, and actually look attractive – assuming you believe in GE's long term survival. It is interesting to note that the US\$ GE Corp bonds are yielding about 100bps less than the similar GE Capital bonds.

Canada's Employment Numbers were released this morning, and the news is not great. After January's collapse where we lost 129,000 jobs, the news was weak again... February followed with a loss of 82,600, much worse than the loss of 55,000 that was consensus expectation. The **unemployment rate now stands at 7.7%** and is rising fast, much like our neighbour's. The big upside surprise from September where we added over 90,000 jobs seems like a distant memory now. Canada has shed job every month since then.

The underlying text is even worse. 110,900 full time jobs were lost and 28,300 part time jobs were added to come up with the headline number.

Regionally, the hardest hit was Alberta, losing 24k. Ontario lost 35k, but that actually slowed from last month. Quebec and BC round out the decliners, and all other provinces were more or less flat. Both goods producers and service providers showed declines.

US and Canadian Trade numbers are also out this morning, coming in more or less as expected. Canada is running a trade deficit for the second month in a row, something that hasn't happened since 1975, and at \$1 billion, the biggest deficit on record. Declining auto exports from this side of the country and declining energy exports from the west are largely responsible. Exports fell 9% and imports fell 7.9% in February. In the US, the deficit was \$36 bn, as imports slumped 6.7% while exports dropped 5.7%

World trade continues to slow considerably.

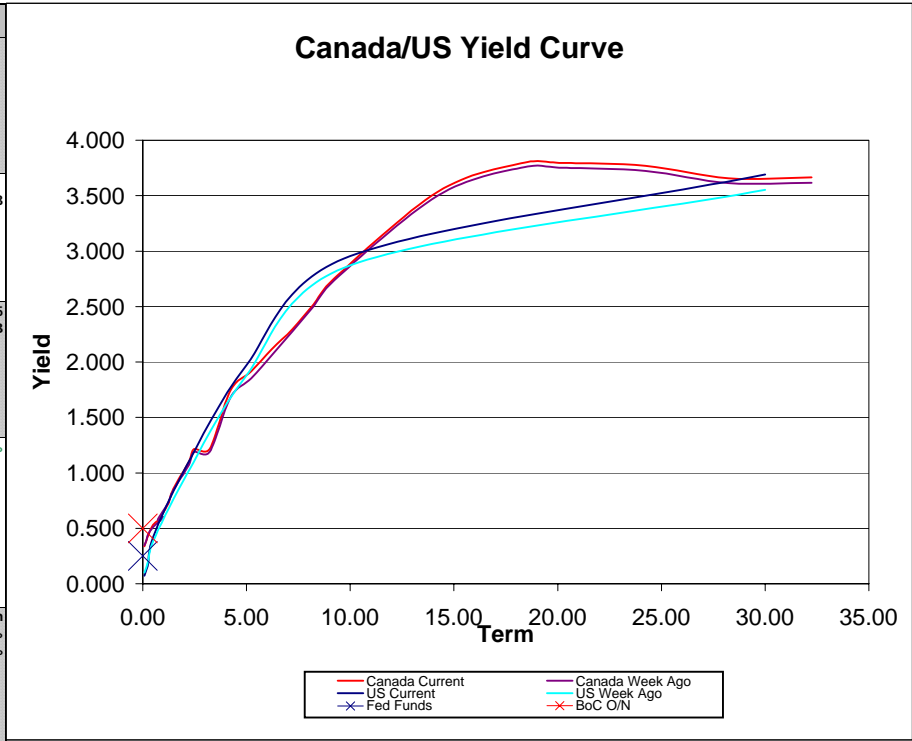
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March 13, 2009

ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 9	Housing Starts	145k	134.6k	No News		
TUES 10	No News			Wholesale Inventories IBD/TIPP Econ Optimism	-1.0% 43.00	-0.7% 45.3
WED 11	New House Price Index	-0.2%	-0.6%	ABC Consumer Confidence Bloomberg Global Confidence Monthly Budget Statement		5.95 -192.8B
THURS 12	No News			Advanced Retails Sales Retail Sales less autos Business Inventories	-0.5% -0.1% -1.1%	-0.1% 0.7% -1.1%
				Initial Jobless Claims Continuing Claims	642k 5150k	654k 5317k
FRI 13	Unemployment Rate Net Change Employment Int'l Merchandise Trade	7.4% -55k -1.0B	7.7% -82.6k -\$1.0bn	Trade Balance Import Price Index Import Price Index YoY U. Mich Confidence	-\$38.0B -0.7% -13.6% 55.00	-\$36.0bn -0.2% -12.8%



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 0.38	BANK RATE 0.50	BANK RATE 2.00	3M 22.7 0.0	2yr -5yr 3.5 1.3	
	60 Day 0.38		FED FUNDS 0-0.25	2Y -5.1 2.7	2yr -10yr 95.6 3.3	TED Spread 1.48
	90 Day 0.37		DISCOUNT 0.5	5Y -5.4 6.9	2 yr -30yr 67.6 3.4	Week ago 1.45
	Indication only - actual rates may vary		LIBOR 3M 1.3156	10Y -0.5 5.9	5yr -10yr 2.1 2.0	
				30Y -2.9 -5.5	10yr -30yr 2.0 0.1	

Canada Net Change in Employment

