



Fixed Income Snapshot

July 23, 2007

CANADA BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	3.750	01-Jun-09	98.44	4.64
5 YR	3.750	1-Jun-12	96.39	4.59
10 YR	4.000	1-Jun-16	95.95	4.56
30 YR	5.000	1-Jun-37	108.82	4.46

US BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	4.875	30-Jun-09	100.15	4.79
5 YR	4.875	30-Jun-12	100.07	4.86
10 YR	4.500	15-May-17	96.45	4.96
30 YR	4.750	15-Feb-37	95.19	5.07



FOREIGN EXCHANGE			CANADIAN RATES		US RATES		CANADA-US SPREADS			YIELD CURVE SHIFTS		
CROSS	SPOT	CHANGE	PRIME	6.25	PRIME	8.25	TERM	BPS	CHANGE	ROLL	SPREAD	CHANGE
CAD/US	1.0434		BANK RATE	4.50	BANK RATE	7.00	3M	-49.9	-4.1	2 yr -30yr	17.4	1.2
US/CAD	0.9584				FED FUNDS	5.25	2Y	-15.6	-3.2	2yr -5yr	-4.9	1.4
YEN/US	121.3000						5Y	-27.1	-1.1	5yr-10yr	-2.7	0.0
GBP/US	2.0581						10Y	-40.2	-0.5	10yr-30yr	-9.8	1.4
							30Y	-60.4	-120.0	2yr-10yr	-7.6	1.4

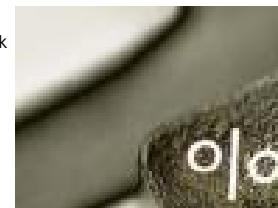
ECONOMIC NEWS SCHEDULED FOR RELEASE						Daily Comment
CANADA		EST	ACTUAL	US		
MON 23	No News			No News		
TUES 24	Retail Sales Less Autos	0.5% 0.6%		Richmond Fed	5.00	
WED 25	No New			ABC Consumer Confidence MBA Mortgage Applicns Existing Home Sales Existing Home Sales MoM	5.87M -2.0%	
THURS 26	No News			Durable Goods Durables ex-trans New Home Sales New Homes MoM Help Wanted Initial Jobless Claims Continuing Claims	1.9% 0.6% 890k% -2.60% 27.00 312k 2550k	
FRI 27	Business Conditions	3.00		GDP Personal Consumption GDP Price Index Core PCE QoQ U. Mich Confidence	3.2% 1.5% 3.4% 1.4% 91.30	

Bond markets are essentially flat around the world. There isn't much data out today to drive the markets anywhere. Friday's strong rally is holding, and the reason of the day is sub-prime woes. It's interesting to note that at the beginning of this sub-prime mess, treasuries fell as owners of these loans sold treasuries to hedge themselves against overall market declines. Now government bonds are being considered "safe havens" from risky loans and rally when there is volatility in the credit markets. Either the headline writers are struggling for reasons to explain market movements, or some players are stuck on some seriously offside Texas hedges. For those short Treasuries and long sub-prime debt over the last three weeks, the pain will be even worse.

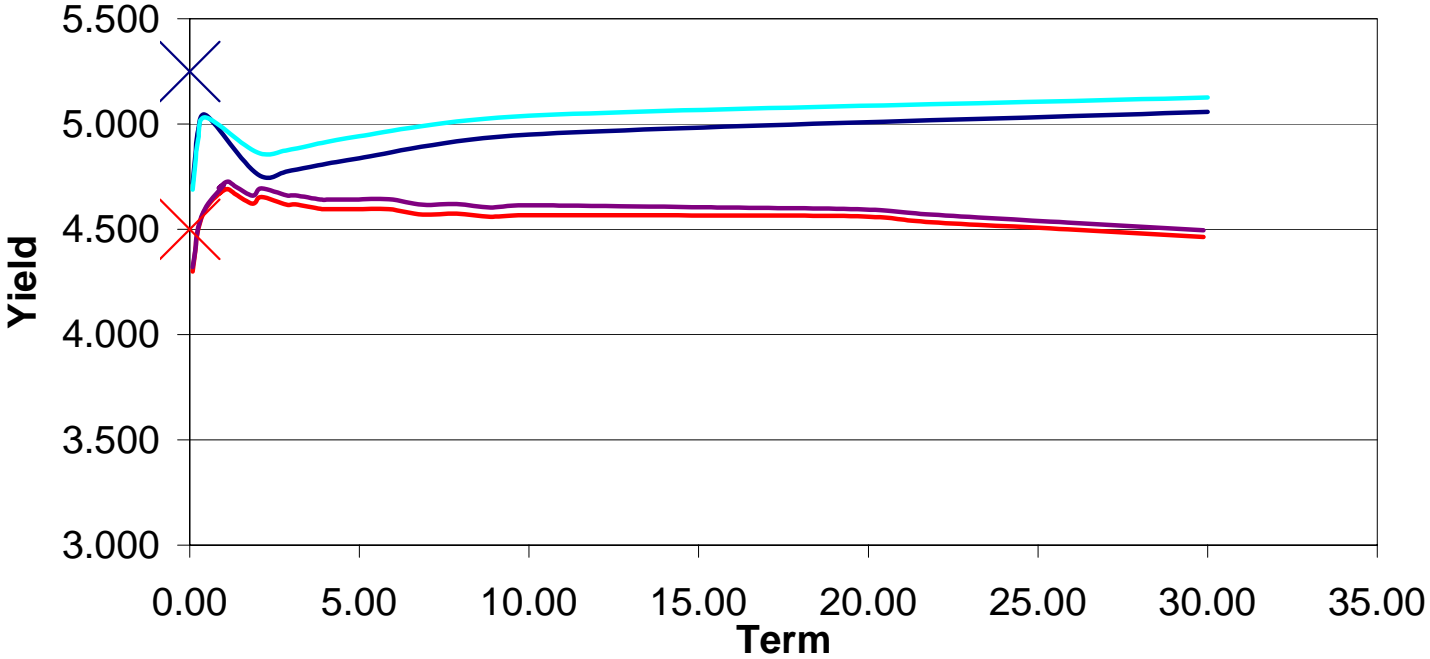
Because of the lack of news, a 10yr treasury chart is attached pg 3. You'll notice May and June's rising yields led us out to bounce off +2 standard deviations, and we are now reverting to the mean trend line around 4.85%. On a purely technical basis, this would indicate a fairly neutral level to the treasuries. Expect yields to remain firm as long as there is talk of hedge fund collapse and non-performing CDO's. Just like any jittery market, government bonds will always be considered a place to run and hide.

In currency-land, the US\$ continues to be weak, and our dollar seems to have caught a little of that action against the world ex-US. We are now sitting at 1.445 EUR/CAD, after having peaked at 1.414 last month. Compare this to the USD/CAD, where we are only 30 pps off of our highs. Interestingly we haven't heard "petro-loonie" lately, despite Oil north of \$75.

Risks remain for a stronger CAD\$ as our fundamentals are still strong and rates are poised to rise here vs. the US, but be careful of a snapback in the US\$. The market has become very bearish, which usually is a contrarian indicator of short term direction.



Canada/US Yield Curve



GRAB

Index **GPO**

At 8:33 Vol 0 Op 4.950 Hi 4.958 Lo 4.929 Prev 4.950

USGG10YR INDEX

Hide

GPO - Bar Chart

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Range - Upper

Period

Last	4.9519
High on 06/13/07	5.3228
Average	4.4721
Low on 03/17/04	3.6458
SMAVG on Close(50)	5.0121
SMAVG on Close(200)	4.7415
Trend	4.2951



2003	2004	2005	2006	2007
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Australia 61 2 9777 8600	Brazil 5511 3048 4500	Europe 44 20 7330 7500	Germany 49 69 920410
Hong Kong 852 2977 6000	Japan 81 3 3201 8900	Singapore 65 6212 1000	U.S. 1 212 318 2000

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