



## Fixed Income Snapshot

July 24, 2007

CANADA BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	3.750	01-Jun-09	98.33	4.70
5 YR	3.750	1-Jun-12	96.15	4.65
10 YR	4.000	1-Jun-16	95.65	4.60
30 YR	5.000	1-Jun-37	108.24	4.50

  

US BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	4.875	30-Jun-09	100.16	4.79
5 YR	4.875	30-Jun-12	100.15	4.84
10 YR	4.500	15-May-17	96.53	4.95
30 YR	4.750	15-Feb-37	95.38	5.05



### FIXED INCOME



FOREIGN EXCHANGE			CANADIAN RATES		US RATES		CANADA-US SPREADS			YIELD CURVE SHIFTS		
CROSS	SPOT	CHANGE	PRIME	BANK RATE	PRIME	BANK RATE	TERM	BPS	CHANGE	ROLL	SPREAD	CHANGE
CAD/US	1.0382		6.25	4.50	8.25	7.00	3M	-49.9	1.5	2 yr -30yr	20.6	-4.1
US/CAD	0.9632						2Y	-8.7	6.9	2yr -5yr	-5.6	-2.2
YEN/US	120.6500					FED FUNDS	5.25		5.2	5yr-10yr	-4.2	-1.0
GBP/US	2.0637								3.9	10yr-30yr	10.8	-3.2
									-114.0	2yr-10yr	-9.8	-3.2

ECONOMIC NEWS SCHEDULED FOR RELEASE						Daily Comment	
	CANADA	EST	ACTUAL	US	EST	ACTUAL	
MON 23	No News			No News			<p>Slack trading yesterday without any data for the markets to chew on. We continue to watch our main theme of US bonds outperforming Canadian. We've been talking about this trade for some time, and finally seeing results. The spread between the 10 year bonds is down to 38 bps, and this should continue to narrow as long as our economic prospects (and inflationary pressures) remain above those south of the border. Canadian core CPI is still well above the comfort zone of the Bank, and it appears that they will do what they must to attempt to bring this down. The problem here is that the Bank may not have as much control as they would like. With two distinct economies running in the country, this job is very difficult. Consider this, Core CPI at last reading was 2.5%. Exclude Alberta and it was still 2.3%. Exclude Quebec, however, and the number jumps to 3%! (numbers courtesy of BMO NB). It's hard enough to manage one economy, but managing two with one steering wheel is even harder.</p> <p>The CAD\$ just lit up as retail sales were reported WAY above expectations for May @ 2.8%. This is the highest reported number since 1997. It's hard to watch the technicals on the CAD\$ and believe that it is overbought and a pullback is in order when the data keeps coming out this strong. Fundamentally, the CAD\$ should already be trading through the US\$ (or "par" as us bondies like to say) given our strong economy, constantly improving balance of trade and wealth of expensive commodities. Watch for interest rate forecasts to be revised upwards shortly, as these are numbers the Bank can't ignore.</p>
TUES 24	Retail Sales Less Autos	0.5% 0.6%	2.8% 2.3%	Richmond Fed	5.00		
WED 25	No New			ABC Consumer Confidence MBA Mortgage Applic'ns 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		



# Canada/US Yield Curve



