



Fixed Income Snapshot

October 1, 2007

CANADA BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	4.250	01-Dec-09	100.36	4.07
5 YR	3.750	1-Jun-12	98.15	4.19
10 YR	4.000	1-Jun-17	97.48	4.32
30 YR	5.000	1-Jun-37	109.73	4.41

US BENCHMARKS				
TERM	COUPON	MATURITY	PRICE	YIELD
2 YR	4.000	30-Sep-09	100.02	3.99
5 YR	4.250	30-Sep-12	100.02	4.24
10 YR	4.750	15-Aug-17	101.30	4.58
30 YR	5.000	15-May-37	102.63	4.83



FIXED INCOME



FOREIGN EXCHANGE			CANADIAN RATES		US RATES		CANADA-US SPREADS			YIELD CURVE SHIFTS		
CROSS	SPOT	CHANGE	PRIME	BANK RATE	PRIME	FED FUNDS	TERM	BPS	CHANGE	ROLL	SPREAD	CHANGE
CAD/US	0.9929		6.25	4.50	8.25	7.00	3M	7.0	12.4	2 yr -30yr	33.8	-1.1
US/CAD	1.0072				5.25	5.25	2Y	7.8	-1.4	2yr -5yr	11.8	-1.2
YEN/US	115.9100						5Y	-5.7	-1.2	5yr-10yr	13.3	0.6
GBP/US	2.0413						10Y	-26.4	-0.6	10yr-30yr	8.7	-0.6
							30Y	-42.5	-83.8	2yr-10yr	25.1	-0.6

ECONOMIC NEWS SCHEDULED FOR RELEASE							Daily Comment					
	CANADA	EST	ACTUAL	US	EST	ACTUAL						
MON 1	No News			ISM Manufacturing ISM Prices Paid	52.50 62.30		<p>As mentioned in the launchpad, earnings will be driving the market today. The bond market is taking Citi's and HSBC's miss in stride, most likely taking this to be "kitchen sink" reporting behaviour. Otherwise, you'd expect treasuries to be better bid, especially in the short end where they are flat on the day.</p> <p>Data starts at 10am today, with ISM manufacturing numbers. These are closely watched by the bond and FX markets, so watch the tape around that time. Aside from Friday, when the jobs numbers come down, the week is actually quite light in term of data.</p> <p>One spread we have been watching is the Canada-US ten year spread. With our economy outperforming, and inflation a greater concern here than in the US, we have been expecting our ten year yield to trade higher than the Treasury for some time. In Aug and September, this spread narrowed significantly, and almost traded flat, from a peak of about 70bps. Recently, it has jumped back out to 26 bps despite the data continuing to favour higher yields in Canada vs. those in the US. We'd expect this to be a temporary setback in the trade. With the Fed firmly in easing mode, and no signs of movement from the BoC, our entire yield curve should be trading above the US curve. The only thing going against this is the relative scarcity of Canada bonds - with Canada aggressively reducing debt, it serves to keep our yields low. Interesting to note that Ontario spreads continue to widen against Canadas. There is no shortage of supply of Ontario bonds, so perhaps it would be better to use a blended rate of the Canada plus the provincial bonds as a gauge of overall Canada yields to con</p> <p>Loonies continue to power ahead, stronger against all currencies except the AUD\$ this morning. Now that the hesitation of trading through par seems to have passed, the freight train keeps on rolling.</p>					
TUES 2	No News			Pending Home Sales Total Vehicle Sales Dom. Veh Sales	-2.1% 62.30 12.4M							
WED 3	No News			ABC Consumer Confidence MBA Mortgage Applicns Challenger Job Cuts ADP Employment Chg ISM Non-Manufacturing ABC Consumer Confidence	58k 54.8%							
THURS 4	Building Permits Ivey Purch Mngrs Index	1.6% 60.00		Factory Orders	-2.6%							
FRI 5	Unemployment Rate Net Chg Employment	6.1% 17.0k		Initial Jobless Claims Continuing Claims Chg Non Farm Payrolls Unemployment Rate Chg Manufacturing Payrolls Avg Hourly Earnings MoM Avg Hourly Earnings YoY Avg Weekly Hours Consumer Credit	310k 2550k 98k 4.7% -10k 0.3% 4.0% 33.80 \$9.5B	298k 2551k						



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Canada/US Yield Curve

