



## Fixed Income Snapshot

January 21, 2008

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	4.250	01-Dec-09	102.00	3.13	0.15
5 YR	3.750	1-Jun-12	101.43	3.39	0.21
10 YR	4.000	1-Jun-17	101.95	3.75	0.26
30 YR	5.000	1-Jun-37	116.20	4.05	0.36



US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	3.250	31-Dec-09	101.70	2.35	0.00
5 YR	3.625	31-Dec-12	103.56	2.85	0.00
10 YR	4.250	15-Nov-17	105.02	3.64	0.00
30 YR	5.000	15-May-37	111.89	4.28	0.00



### FIXED INCOME



CAD\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	1.0322	0.0060	-
CAD/US	0.9688		
EUR/CAD	1.4959	-0.0035	+
GBP/CAD	2.0090	0.0002	-
CAD/JPY	102.6500	-1.3300	-

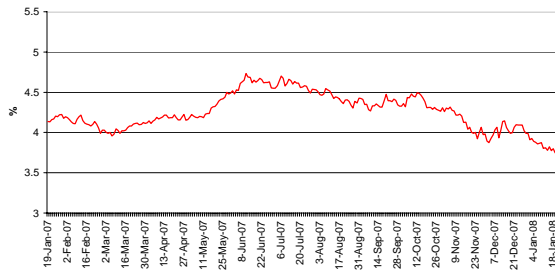
US\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.4491	-0.0113	+
GBP/USD	1.9466	-0.0111	+
USD/JPY	106.0200	-0.7200	-

NOTABLE QUOTES	



### 1 Year Charts

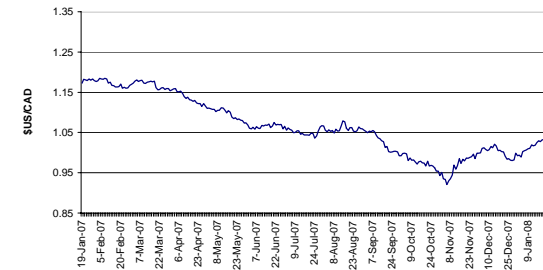
Canada Ten Year Yield



US Ten Year Yield



CAD\$



### Daily Commentary

Here's a question for you if you're a policy maker: How do you solve a problem caused by too much money?

The answer seems to be more money. It's an answer that has worked for years now, in fact decades as financial bubbles have inflated and popped over and over. The problem is that it won't work forever, and the longer the issue is prolonged, the worse the final scenario will be.

Apparently, the world doesn't think much of Bush's \$145 billion economic rescue plan. And really, why would they? It's a drop in the bucket compared to the amount of underwater mortgage and credit card debt that the average American is carrying. Think this is just a housing problem? Just wait... pretty soon it's the credit card debt you're going to be hearing about, then the auto loans.

It is interesting to watch commodities, especially oil, tumble as the prospects of world demand diminish. In case we haven't mentioned it, as energy prices come off, and as employment will drop off, you will not be hearing about inflation being a problem anymore.

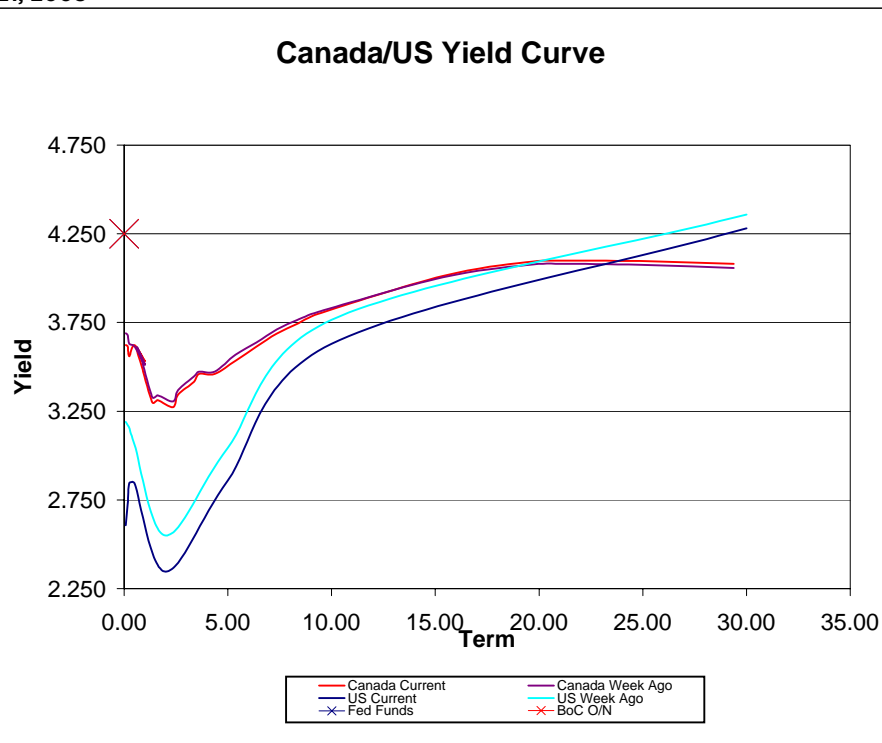
As the rest of the world seem to blow up on the risk side, government bonds continue to hold favour almost everywhere. It's almost a good thing that the US markets aren't open today, because nobody wants to see the Dow open down 400, like the futures are indicating right now. Today will certainly put my theory of "Toronto always goes up when the US is closed" to the test.

As the rest of the world seem to blow up on the risk side, government bonds continue to hold favour almost everywhere. Canada bonds are higher once again, the ten year finally back to its all time low yields of 3.73% (last seen mid-2004), and the two year creeps its way towards 3%, which seems to be inevitable at this point. There are now NO government of Canada bonds left below par.

The **Bank of Canada** meeting is tomorrow, so expect very quiet trading with the US closure and Canadians waiting for the Bank decision. While we think 50 bps might (and should) be in the cards, consensus call is for a 25bp rate cut tomorrow from Dodge.

January 21, 2008

ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 21	Wholesale Sales	0.5%	0.3%	No News		
TUES 22	Retail Sales less autos <b>Bank of Canada Rate Decision</b>	0.2% 0.5% 4.0%		Richmond Fed Manufac Index	-3	
WED 23	Leading Indicators	0.0%		ABC Consumer Confidence MBA Mortgage Apps		
THURS 24	No News			Existing Home Sales Existing Home Sales MoM	4.95M -1.0%	
FRI 25	CPI CPI YoY CPI core CPI core YoY	0.1% 2.4% -0.1% 1.7%	1.1%	No News Initial Jobless Claims Continuing Claims	320k 2728k	



Other Notable Economic Events		CANADIAN RATES		US RATES		CANADA-US SPREADS		YIELD CURVE SHIFTS				
Last week US leading indicators were lower than expected -0.2%		PRIME	6.00	PRIME	7.25	TERM	BPS	CHANGE	ROLL	SPREAD	CHANGE	
		BANK RATE	4.25	BANK RATE	6.00	3M	68.5	-4.0	2yr -5yr	26.4	3.5	
				FED FUNDS	4.25	2Y	77.9	-8.6	2yr -10yr	62.1	5.3	
				DISCOUNT	4.75	5Y	54.7	-5.1	2 yr -30yr	92.2	6.7	
				LIBOR 3M	3.8475	10Y	11.3	-3.3	5yr -10yr	35.7	1.8	
						30Y	-23.3	-44.7	10yr-30yr	30.1	5.3	
											TED Spread	1.06
											Week ago	0.90