



Fixed Income Snapshot

January 25, 2008

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	4.250	01-Dec-09	101.69	3.29	0.02
5 YR	3.750	1-Jun-12	100.68	3.58	0.03
10 YR	4.000	1-Jun-17	100.63	3.92	0.21
30 YR	5.000	1-Jun-37	113.23	4.21	0.21

US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	3.250	31-Dec-09	101.66	2.36	-0.09
5 YR	3.625	31-Dec-12	103.07	2.95	-0.20
10 YR	4.250	15-Nov-17	104.27	3.73	-0.13
30 YR	5.000	15-May-37	110.34	4.37	0.27

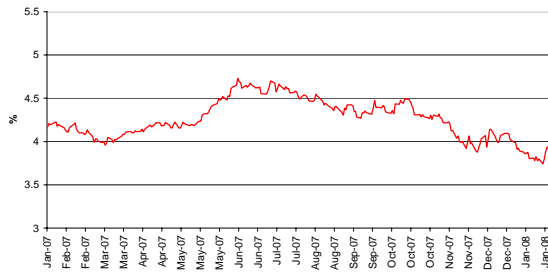


FIXED INCOME

CAD\$ FOREIGN EXCHANGE CROSSES				US\$ FOREIGN EXCHANGE CROSSES				NOTABLE QUOTES
CROSS	SPOT	CHANGE	CAD Direction	CROSS	SPOT	CHANGE	USD direction	
USD/CAD	1.0071	0.0045	-	EUR/USD	1.4695	-0.0063	+	
CAD/US	0.9930			GBP/USD	1.9829	0.0064	-	
EUR/CAD	1.4802	0.0008	-	USD/JPY	107.7600	0.6000	+	
GBP/CAD	1.9970	0.0154	-					
CAD/JPY	106.9400	0.0900	+					

1 Year Charts

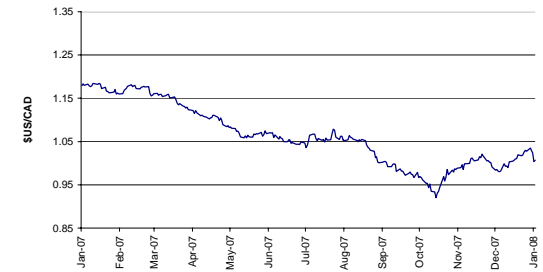
Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

Canadian CPI showed further cooling on the inflation front, just what the BoC needed to see. Core CPI was negative month over month, and the headline dropped to a mere 0.1%/ With Headline now running at 2.4% and Core at 1.5%, we are within the Bank's range, and the trend is down. This will give them the green light to continue to cut rates as needed.

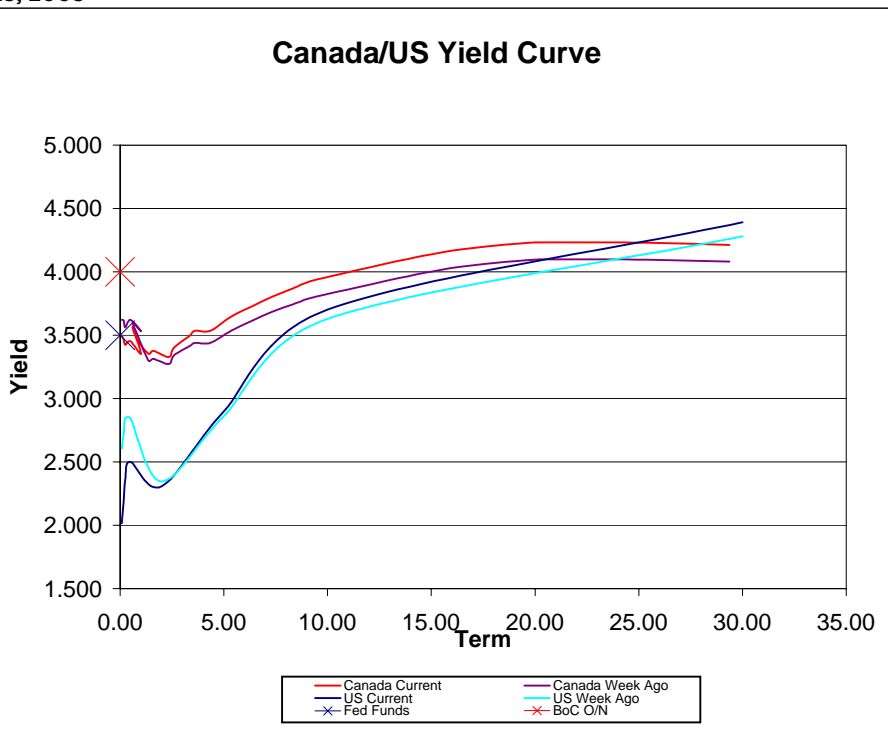
Calm seems to be returning to the market. The wild swing in the two year treasuries may have been the "capitulation" that everyone seems to be looking for as markets fall. After hitting an intra-day high of 1.83% on Wednesday, they are back to 2.33% this morning. The TED spread (pg 3) continues to normalize. This is all despite HORRIBLE housing numbers coming out yesterday. Existing home sales dropped 2.2% in December... but then we were all expecting that, weren't we?

After the SocGen scandal, the press is now wondering whether the emergency 75 bp rate cut was necessary. We would argue, that according to Fed funds futures and the Treasury markets, which are still pricing in the highest probability of a further 50bp cut at the scheduled meeting next week (just slightly higher probability than a 25 bps cut). We would argue after giving the market a big bonus and finding out after the fact that much of the volatility was due to SocGen unwinding trades on an illiquid MLK day, the Fed will be more cautious on Wednesday. 25 bps is likely here.

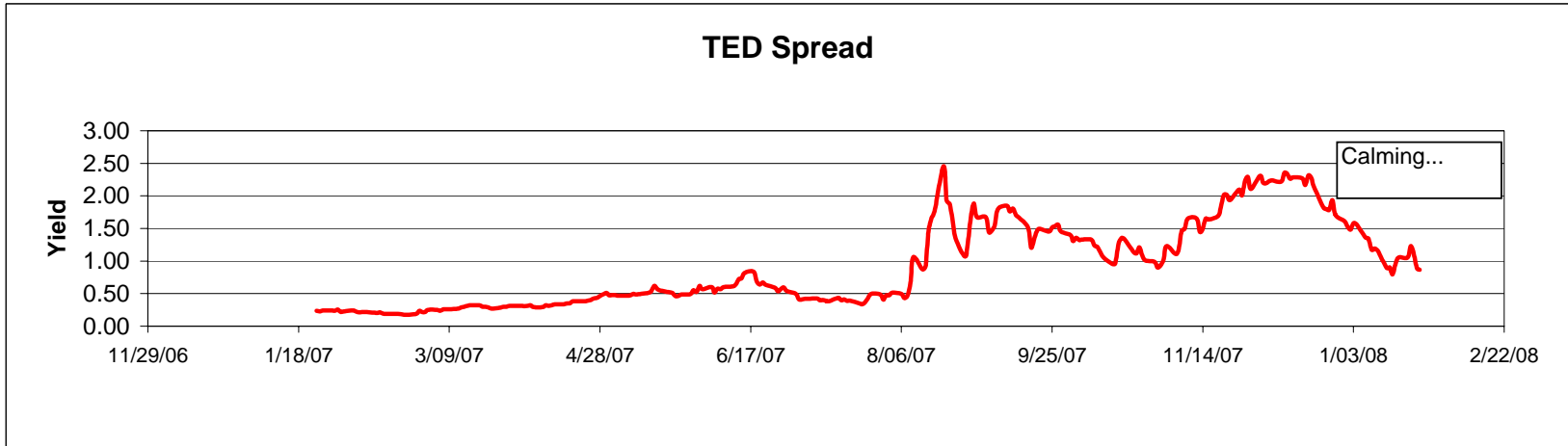
As the calm returned, the CAD\$ rocketed forward yesterday, posting big gains against virtually every currency that matters. We had a cent and a half move against the greenback yesterday - a huge reversal of recent trends. Once again, be long the CAD\$ as long as the world is willing to take risk. As go equities, so goes the loonie.

January 25, 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 Bank of Canada Rate Decision	0.2% 0.5% 4.0%	0.7% 1.7% 4.0%	Richmond Fed Manufac Index Fed Funds inter-meeting Rate decision	-3 3.50%	-8
WED 23	Leading Indicators	0.0%	-0.1%	ABC Consumer Confidence MBA Mortgage Apps		8.3%
THURS 24	No News			Existing Home Sales Existing Home Sales MoM	4.95M -1.0%	4.89m% -2.2%
FRI 25	CPI CPI YoY CPI core CPI core YoY	0.1% 2.4% -0.1% 1.7%	0.1% 2.4% -0.3% 1.5%	No News Initial Jobless Claims Continuing Claims	320k 2728k	301k 2672k



Other Notable Economic Events		CANADIAN RATES		US RATES		CANADA-US SPREADS		YIELD CURVE SHIFTS					
						TERM	BPS	CHANGE	ROLL	SPREAD	CHANGE		
	PRIME	5.75		PRIME	6.50	3M	103.2	1.0	2yr -5yr	28.9	0.8		
	BANK RATE	4.00		BANK RATE	6.00	FED FUNDS	3.5	2Y	93.1	-5.6	2yr -10yr	62.8	-1.2
				DISCOUNT	4	5Y	62.9	-5.0	2 yr -30yr	92.0	0.4		
				LIBOR 3M	3.3063	10Y	19.6	-3.8	5yr -10yr	33.9	-2.0		
						30Y	-16.3	-32.7	10yr -30yr	29.2	-1.2		
												TED Spread	0.89
												Week ago	1.06



2 Year US Treasuries



Existing Home Sales



LEVELS ONLY