



## Fixed Income Snapshot

January 31, 2008

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	4.250	01-Dec-09	101.97	3.13	0.08
5 YR	3.750	1-Jun-12	101.23	3.44	0.24
10 YR	4.000	1-Jun-17	101.37	3.82	0.45
30 YR	5.000	1-Jun-37	114.43	4.15	0.80

US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.125	31-Jan-10	100.08	2.08	0.15
5 YR	2.875	31-Jan-13	100.58	2.75	0.36
10 YR	4.250	15-Nov-17	105.47	3.58	0.50
30 YR	5.000	15-May-37	111.27	4.32	1.00

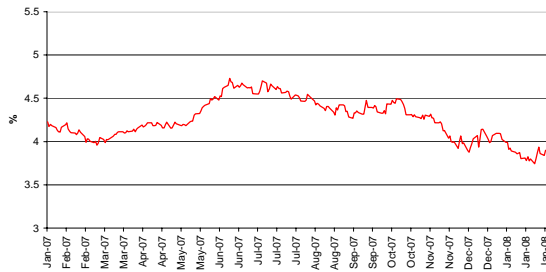


### FIXED INCOME

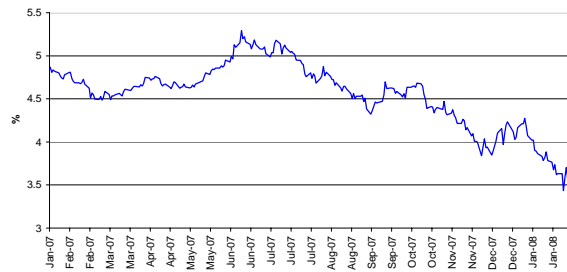
CROSS	CAD\$ FOREIGN EXCHANGE CROSSES			CAD Direction	CROSS	US\$ FOREIGN EXCHANGE CROSSES			USD direction	NOTABLE QUOTES
	SPOT	CHANGE				SPOT	CHANGE			
USD/CAD	1.0028	0.0098	-	EUR/USD	1.4869	0.0007	-			
CAD/US	0.9972			GBP/USD	1.9882	0.0004	-			
EUR/CAD	1.4912	0.0152	-	USD/JPY	105.8300	-0.4200	-			
GBP/CAD	1.9935	0.0196	-							
CAD/JPY	105.4500	-1.4500	-							

### 1 Year Charts

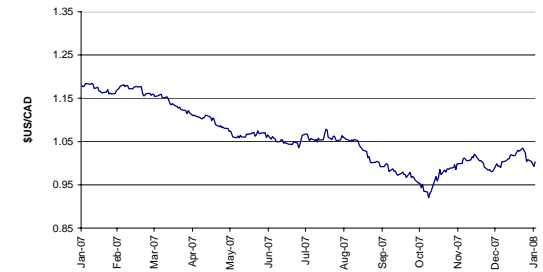
Canada Ten Year Yield



US Ten Year Yield



CAD\$



### Daily Commentary

The data train continues this morning, after yesterday's active Fed day.

We got 50bps out of the Fed, and the typical reaction in equities was not mirrored in the bond side. Treasuries ended the day lower despite the cutting from the Fed and their mention of downside risks to the economy.

This morning's **PCE** remains sticky. The Fed likes to watch this number as a gauge of inflation, and it hasn't dropped appreciably as we've entered this slowdown. It has stopped rising, and I'd re-iterate that it **WILL** drop once the employment landscape deteriorates. Speaking of employment, this week's jobless claims spiked higher. This is seasonally normal, as firms generally wait until Christmas season is over before laying people off, however this pop up was much larger than expected. Stay tuned for tomorrow's payrolls. The market will be watching this closely. As we've mentioned before, watch this closely... it's the part of the economy that has been holding up and preventing all out disaster.

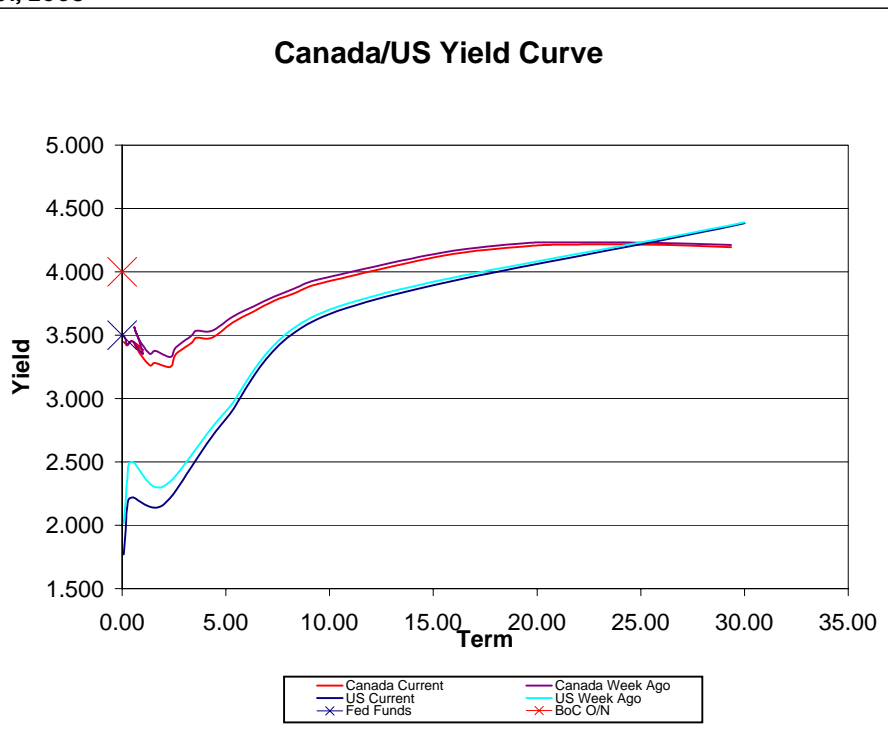
Bonds are moving higher on this news, as bets are laid on the table about how many more rate cuts are on the table.

In Canada **GDP** came in line with expectations at 0.1% growth for the month of November. As we've mentioned before, once we get the monthly GDP report in Canada, it's ancient history and doesn't have much effect on the markets.

The loonie doesn't like the data announced this morning. Fair enough reaction as it leans towards contraction and less risk taking. The relationship is holding true... lower equity prices, lower CAD\$.

January 31, 2008

ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
<b>MON 28</b>	No News			New Home Sales New Home Sales MoM	645k -0.3%	604k -4.7%
<b>TUES 29</b>	Business Conditions Orders	-6.5	2.0	Durable Goods Durables ex Transport S%/P/CS Comp Home Px 20yr Consumer Confidence	1.9% 0.0% -7.1% 87.0	5.2% 2.6% -7.7% 87.90
<b>WED 30</b>	No News			ABC Consumer Confidence MBA Mortgage Apps ADP Employment Chg GDP Annualized Personal Consumption GDP Px Index Core PCE QoQ <b>FOMC Rate Decision</b>	 40k 1.2% 2.7% 2.6% 2.5% 3.00%	7.5% 130k 0.6% 2.0% 2.6% 2.7% 3.00%
<b>THURS 31</b>	GDP	0.1%	0.1%	Personal Income Personal Spending PCE Deflator PCE Core MoM PCE Core YoY Employment Cost Index Chicago PMI Help Wanted Initial Jobless Claims Continuing Claims	0.4% 0.1% 3.5% 0.2% 2.2% 0.8% 52.10 20.00 320k 2688k	0.5% 0.2% 3.5% 0.2% 2.2% 0.8%   375k 2716k
<b>FRI 1</b>	Industrial Product Price Raw Materials Px Index	0.6% 0.8%		Chg Nonfarm Payrolls Unemployment Rate Chg Manufacturing Payrolls Avg Hourly Earnings MoM Avg Hourly Earnings YoY Avg Weekly Hours ISM Manufacturing ISM Prices Paid	65k 5.0% -20k 0.3% 3.9% 33.80 47.20 68.00	



Other Notable Economic Events		CANADIAN RATES		US RATES		CANADA-US SPREADS			YIELD CURVE SHIFTS					
PRIME	5.75	PRIME	6.00	TERM	BPS	CHANGE	ROLL	SPREAD	CHANGE					
BANK RATE	4.00	BANK RATE	4.75	3M	134.1	7.2	2yr -5yr	31.2	-1.2					
		FED FUNDS	3	2Y	104.1	2.6	2yr -10yr	69.6	-0.9				TED Spread	0.95
		DISCOUNT	3.5	5Y	68.4	1.2	2 yr -30yr	1.7	0.5				Week ago	0.89
		LIBOR 3M	3.1119	10Y	24.2	0.2	5yr -10yr	38.4	0.3					
				30Y	-17.6	-36.2	10yr -30yr	32.1	-0.9					