



Fixed Income Snapshot

March 13, 2008

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	4.250	01-Dec-09	102.82	2.55	0.10
5 YR	3.750	1-Jun-12	103.25	2.92	0.20
10 YR	4.000	1-Jun-17	103.82	3.51	0.14
30 YR	5.000	1-Jun-37	116.58	4.03	-0.02



US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.000	28-Feb-10	100.88	1.55	0.09
5 YR	2.750	28-Feb-13	101.52	2.42	0.05
10 YR	3.500	15-Feb-18	100.50	3.44	0.00
30 YR	4.375	15-Feb-38	100.02	4.37	0.41



FIXED INCOME



CAD\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	0.9861	-0.0033	+
CAD/US	1.0141		
EUR/CAD	1.5341	-0.0061	+
GBP/CAD	2.0065	0.0003	-
CAD/JPY	102.0900	-0.1100	-

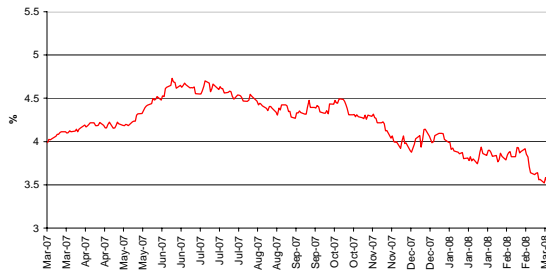
US\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.5571	0.0007	-
GBP/USD	2.0349	0.0079	-
USD/JPY	100.6400	-0.5300	-

NOTABLE QUOTES	

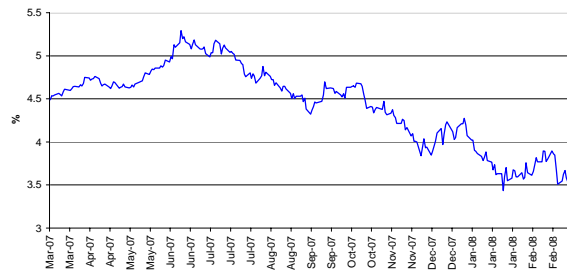


1 Year Charts

Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

The Fed delivered relief appears to have been short lived. This morning's news from the hedge fund industry is absolutely destroying credit. The **Carlyle Capital** fund, which was leveraged as much as 37 times to take advantage of playing the spread between borrowing and lending in sub-prime and other higher yielding debt issues.

The threat comes not in Carlyle and its investors losing \$16 to 17 billion, it actually comes in the panic that ensues. Nobody really knows how far the dominos of derivatives spread from this particular mess. One default on one side of a derivatives transaction, a Credit Default Swap, for example, can spread amongst many institutions, depending on how many times down the line the risk has been "offset" with another similar and opposite derivative. The fall of one counterparty, as witnessed in the 1998 collapse of Long Term Capital Management, can cause worldwide ripples throughout the markets. Carlyle may be the first big failure we are hearing about, but it certainly will not be the last.

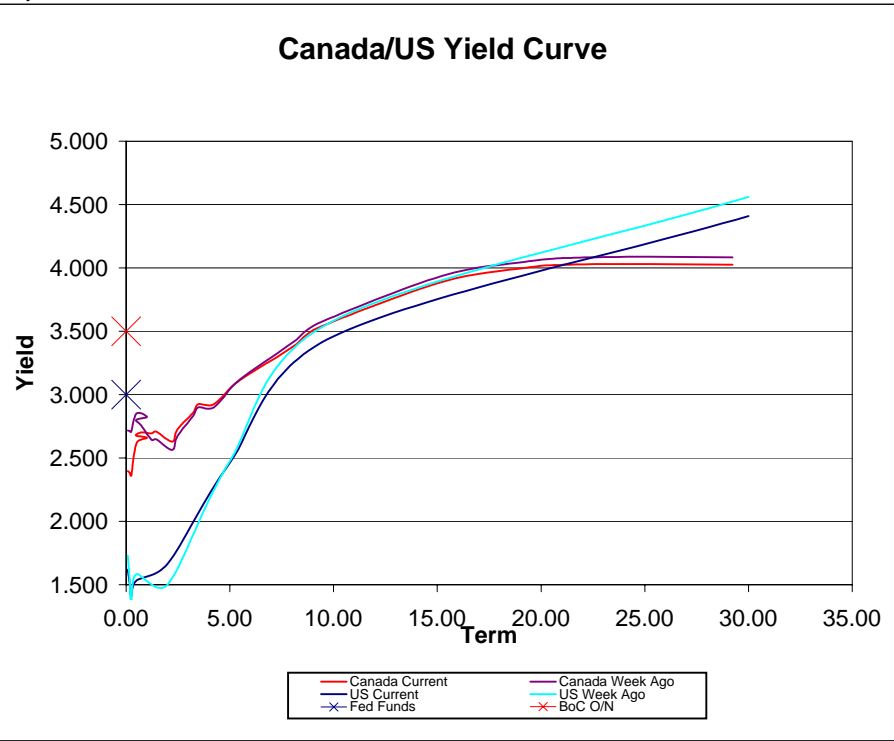
As if this wasn't bad enough, this morning's economic data has added fuel to the fire. **US advanced retail sales** was a terrible -0.6% month-over-month, and -0.2% ex autos. The US consumer finally appears to be rolling over and saying mercy. Government, AND ONLY government bonds are sharply higher on this news.

Corporate issues are suffering once again and not participating in the rally. For some reason, provincials and Canada government guaranteed Agencies like Canada Housing Trust, are also getting hurt by credit woes. While it may still be a touch early to be diving headfirst into the corporate bond market, we just can't see the case for a provincial (or federal) government default, and would encourage investors to look at this market. While yields are low already, the issues offer value over the pure safety of short Canada bonds, and will work to protect some of your capital.

See page 3 for a chart showing the excess yield of an Ontario Bond over a similar Canada bond.

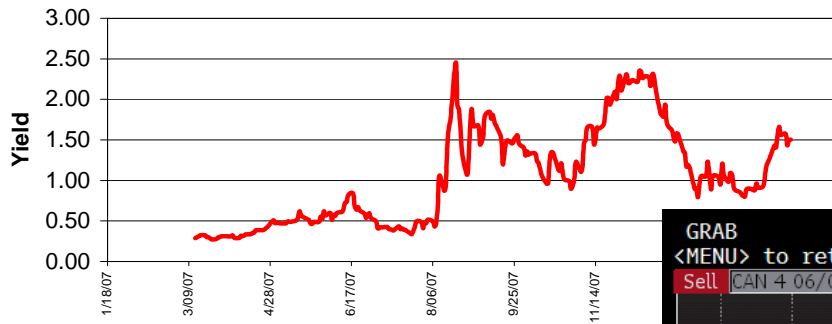
February 12, 2008

ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 10	Housing Starts	205.0K	259.9K	Wholesale Inventories	0.50	
TUES 11	Int'l Merch Trade New Housing Price Index MoM	C\$2.6 0.20	C\$3.3 0.6%	Trade Balance IBD/TIPP Economic Optimism ABC Consumer Confidence	(59.5B) 41.50	-\$58.2B 42.50
WED 12	No News			MBA Mortgage Apps Monthly Budget Statement	(170.0B)	-1.9% -\$175.6B
THURS 13	Capacity Utilization Rate	82.00	81.8%	Import Price Index MoM Import Price Index YoY Advance Retail Sales Retail Sales Less Autos Business Inventories	0.80 0.20% 0.20% 0.50	0.2% 13.6% -0.6% -0.2%
FRI 14	Labour Productivity QoQ	(0.30)		Initial Jobless Claims Continuing Claims CPI MoM CPI Core MoM CPI YoY CPI Core YoY CPI Core Index SA CPI NSA U of Michigan Confidence	355k 2830k 0.30 0.20 4.30 2.40 2.40 212.22 69.00	353k 2835k



Other Notable Economic Events										
CANADIAN RATES		US RATES		CANADA-US SPREADS			YIELD CURVE SHIFTS			
PRIME	5.25	PRIME	6.00	TERM	BPS	CHG	ROLL	SPREAD	CHANGE	
BANK RATE	3.50	BANK RATE	4.75	3M	90.3	0.5	2yr -5yr	37.5	1.5	
		FED FUNDS	3	2Y	99.7	-2.1	2yr -10yr	96.4	4.9	
		DISCOUNT	3.5	5Y	50.1	-3.5	2 yr -30yr	48.3	6.7	
		LIBOR 3M	2.8000	10Y	7.4	-1.3	5yr -10yr	58.9	3.4	
				30Y	-34.8	-71.8	10yr -30yr	51.9	4.9	
									TED Spread	1.44
									Week ago	1.66

TED Spread



Excess yield of Ontario 2016's vs Canada 2016's
higher than it has ever been

