

Fixed Income Snapshot

May 1, 2008

CANADA BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	3.750	01-Jun-10	102.07	2.72	0.02
5 YR	3.750	1-Jun-12	102.68	3.04	0.01
10 YR	4.000	1-Jun-17	103.23	3.58	0.03
30 YR	5.000	1-Jun-37	115.56	4.08	0.01

US BENCHMARKS					
TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
2 YR	2.125	30-Apr-10	99.76	2.25	0.04
5 YR	3.125	30-Apr-13	100.59	3.00	0.09
10 YR	3.500	15-Feb-18	98.20	3.72	0.11
30 YR	4.375	15-Feb-38	98.55	4.46	0.17



FIXED INCOME



CAD\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	CAD Direction
USD/CAD	1.0159	0.0094	-
CAD/US	0.9843		
EUR/CAD	1.5727	0.0013	-
GBP/CAD	2.0122	0.0129	-
CAD/JPY	102.2500	-1.0100	-

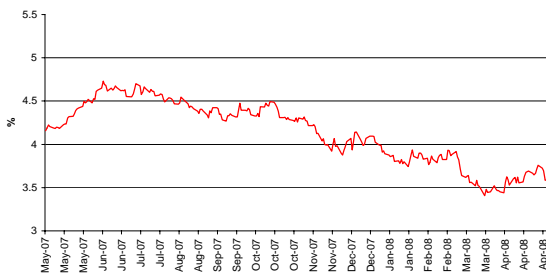
US\$ FOREIGN EXCHANGE CROSSES			
CROSS	SPOT	CHANGE	USD direction
EUR/USD	1.5477	-0.0134	+
GBP/USD	1.9799	-0.0068	+
USD/JPY	103.9200	-0.0600	-

NOTABLE QUOTES	

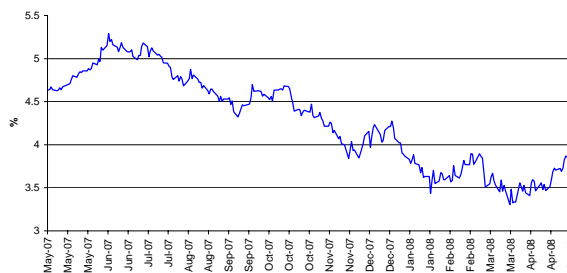


1 Year Charts

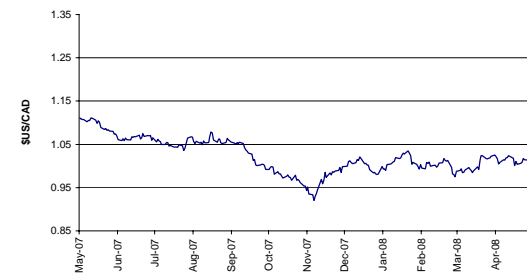
Canada Ten Year Yield



US Ten Year Yield



CAD\$



Daily Commentary

We got a strong rally off of yesterday's Fed statement. Was it hawkish? Was it dovish? Who knows - analysts were split on the subject. While the hugely overanalyzed release was almost exactly the same as last meeting's, they removed a "downside risk" comment that had some confused.

Most importantly, what did the market think? Treasuries and Canada bonds got a strong bid, and interpreted the release as dovish. Currency traders did the same, taking the screws to the greenback (and the C\$ - when measured abroad). Equity traders eventually jumped on board, although denied it for a bit at first, selling stocks into the close of the day as the Fed's worry about the economy changed into earnings worries.

This morning, there's a new stock of data to worry about. The jobs data this morning was weak. Challenger job cuts showed a 27% increase over last year (that's 27% more firings...), while initial and continuing jobless claims both ticked higher, continuing their bearish trend. Bonds were giving up some of their gains this morning, but are coming back on this news.

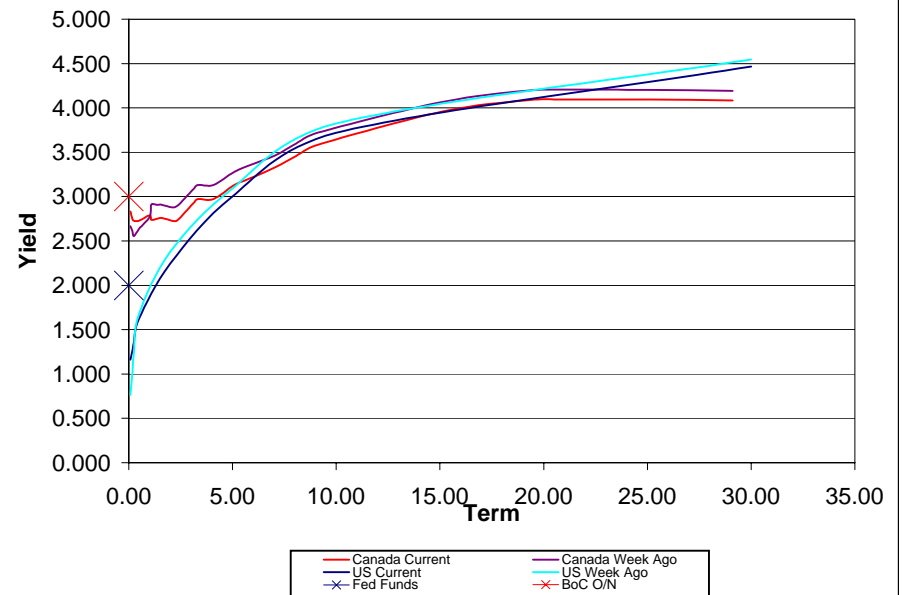
There's plenty more data out at 10am when the important ISM survey gets released.

National Bank came to market with a fixed-floater. \$500 million with an initial maturity in 2013 and paying 5.55% (223 bps over Canadas), they have to option to extend it to 2018 and a rate of CDOR +264bps. It has been interesting watching the terms change on these fixed floaters. Although there still has not been an FF left to float after its initial maturity in Canada (they've all been called), the provision for those floaters have gotten wider and wider. They used to come out at CDOR +100. It's gotten to the point where you would actually want them to float!

May 1, 2008

ECONOMIC NEWS SCHEDULED FOR RELEASE						
Date	CANADA	EST	ACTUAL	US	EST	ACTUAL
MON 28	No News			No News		
TUES 29	No News			S&P/CS Home Px Index S&P/CS Composite 20 YoY Home Px Consumer Confidence	-12.0% 61.5	175.90 -12.7% 62.30
WED 30	Industrial Prod'n GDP MoM Raw Materials PX	1.0% 0.2% 2.0%	1.7% -0.2% 6.6%	ABC Consumer Confidence ADP Employment Change GDP Personal Consumption GDP PX Index Core PCE QoQ Employment Cost Index Chicago PMI FOMC Rate Decision	-60k 0.4% 0.7% 3.0% 2.1% 0.8% 47.50 2.00%	10k 0.6% 1.0% 2.6% 2.2% 0.7% 48.3 2.00%
THURS 1	No News			Challenger job cuts Personal Income Personal Spending PCE YoY PCE Core MoM PCE Core YoY ISM Manufacturing ISM Prices Paid Initial Jobless Claims Continuing Claims		27.40% 0.4% 0.2% 3.2% 0.1% 2.0% 48.00 83.50 363k 380k
FRI 2	Money Supply YoY			Chang Nonfarm Payrolls Avg Hourly Earnings MoM Avg Hourly Earnings YoY Avg Weekly Hours RPX Composite Home Px YoY Factory Orders	-35k 0.3% 3.6% 33.70 0.2%	

Canada/US Yield Curve



Other Notable Economic Events		CANADIAN RATES			US RATES			CANADA-US SPREADS			YIELD CURVE SHIFTS		
		PRIME	4.75	PRIME	5.00	TERM	BPS	CHG	ROLL	SPREAD	CHANGE		
		BANK RATE	3.00	BANK RATE	3.75	3M	133.8	0.0	2yr -5yr	32.6	1.5		
				FED FUNDS	2	2Y	46.6	0.1	2yr -10yr	86.3	1.6	TED Spread	1.64
				DISCOUNT	2.25	5Y	4.4	1.6	2 yr -30yr	36.5	2.0	Week ago	1.81
				LIBOR 3M	2.7844	10Y	-14.1	1.1	5yr -10yr	53.7	0.1		
						30Y	-38.2	-77.6	10yr -30yr	50.2	1.6		



US 10 year Treasury Yield Chart.

A strong downtrend for the past year.
Will it continue?