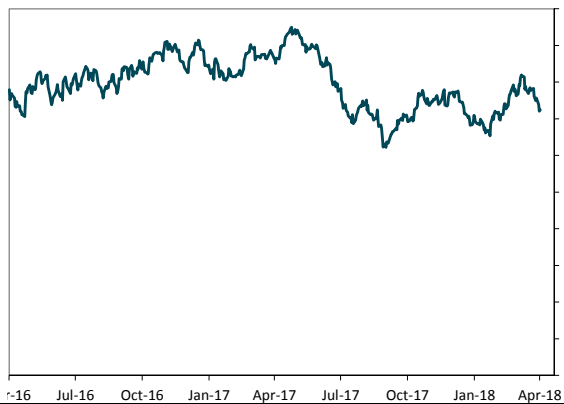




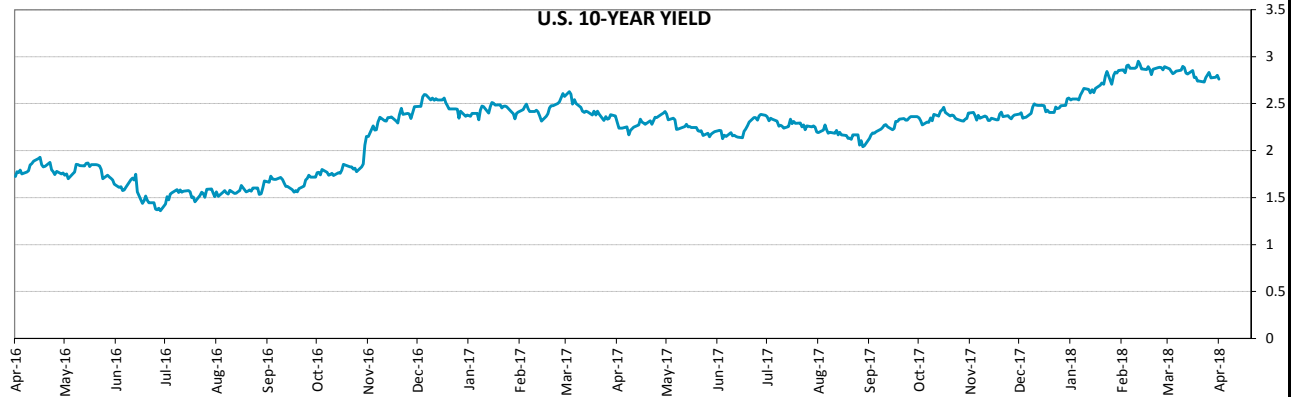
CAD\$ FOREIGN EXCHANGE CROSSES			CANADA BENCHMARKS					
CROSS	SPOT	CHANGE	TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
USD/CAD	1.262	0.0017	2 Year	1.250	1-Nov-19	99.228	1.76	0.02
CAD/USD	0.792	-0.0013	5 Year	1.000	1-Sep-22	95.81	2.00	0.09
EUR/CAD	1.561	0.0045	10 Year	1.000	1-Jun-27	90.506	2.15	0.24
GBP/CAD	1.789	0.0030	30 Year	2.750	1-Dec-48	110.255	2.28	0.76
CAD/JPY	84.682	-0.3880						

US\$ FOREIGN EXCHANGE CROSSES			U.S. BENCHMARKS					
CROSS	SPOT	CHANGE	TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
EUR/USD	1.238	0.0019	2 Year	1.875	31-Dec-19	99.309	2.59	0.00
GBP/USD	1.418	0.0005	5 Year	2.125	31-Aug-22	97.945	2.59	0.13
USD/JPY	106.870	-0.3300	10 Year	2.250	15-Nov-27	95.672	2.76	0.33
			30 Year	2.750	15-Nov-47	95.500	2.98	0.84

CANADIAN DOLLAR (PER U.S. DOLLAR)



U.S. 10-YEAR YIELD



DAILY COMMENTARY

It is a flight-to-quality day as trade headlines have been eclipsed by some sabre rattling. Meanwhile, there were no surprises in the CPI report. The year-over-year core rate remained above 2%. The loonie is weaker but only because of a strong U.S. currency.

Source: Bloomberg, Odium Brown



ECONOMIC RELEASES							CANADA/U.S. SPREADS			YIELD CURVE SHIFTS		
DATE	CANADA	EST	ACTUAL	USA	EST	ACTUAL	0	BPs	CHANGE	ROLL	SPREAD	CHANGE
MON												
TUE	Housing Starts Building Permits MoM	217.5k -1.80%	225.2k -2.6%	NFIB Small Optimism PPI Core MoM PPI Core YoY Wholesale Trade Sales MoM Wholesale Inventories	107.00 0.20% 2.60% 0.80%	104.70 0.30% 2.90%				2 - 5 Year 2 - 10 Year 2 - 30 Year 5 - 10 Year 10 - 30 Year	0.21 0.34 0.47 0.13 0.13	-0.01 -0.02 -0.02 -0.01 0.00
WED				MBA Mortgage Applications CPI Core MoM CPI Core YoY Real Avge. Wkly Earnings Real Avge. Hrly Earnings Mthly Budget FOMC Minutes	0.2% 2.4 (\$185b)	-1.9% 0.2% 2.4% 0.9% 0.40%						
THU	Teranet House Prices Teranet House Prices New House Price Index New House Price Index	0.1% 3.00%		Initial Jobless Claims Continuing Claims Import Price Index Import Price Index YoY Export Price Index Export Price Index YoY BBG Consumer Confidence	230k 1832k 0.1% 3.8% 0.1%							
FRI	Existing Home Sales MoM			JOLTS Job Openings U. Michigan Sentiment	100.6							

U.S. RATES		CDN MONEY MARKET		CANADIAN RATES	
PRIME	4.75	Bankers' Acceptances		PRIME	3.45
BANK RATE	3.50	30 Day	1.63	BANK RATE	1.25
FED FUNDS	1.75	60 Day	1.67		
DISCOUNT	2.25	90 Day	1.74		
LIBOR 3MO					

CANADA YIELD CURVE
January 3, 2012 - Today

Term	Yield (Today)	Yield (Jan 3, 2012)
1	0.2491	0.2491
2	0.81	0.81
3	0.97	0.97
4	0.970	0.970
5	1.010	1.010
6	1.200	1.200
7	1.300	1.300
8	1.540	1.540
9	1.990	1.990
10	2.57	1.990

Source: Bloomberg, Odlum Brown