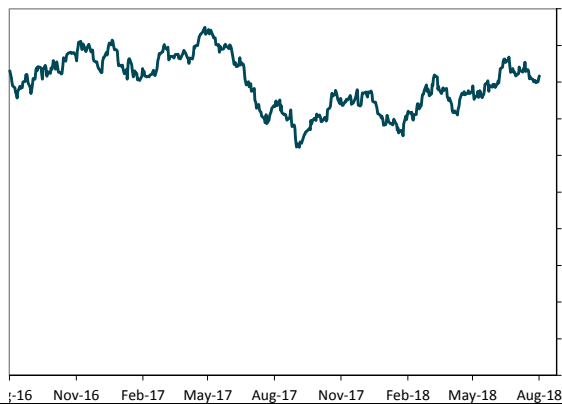




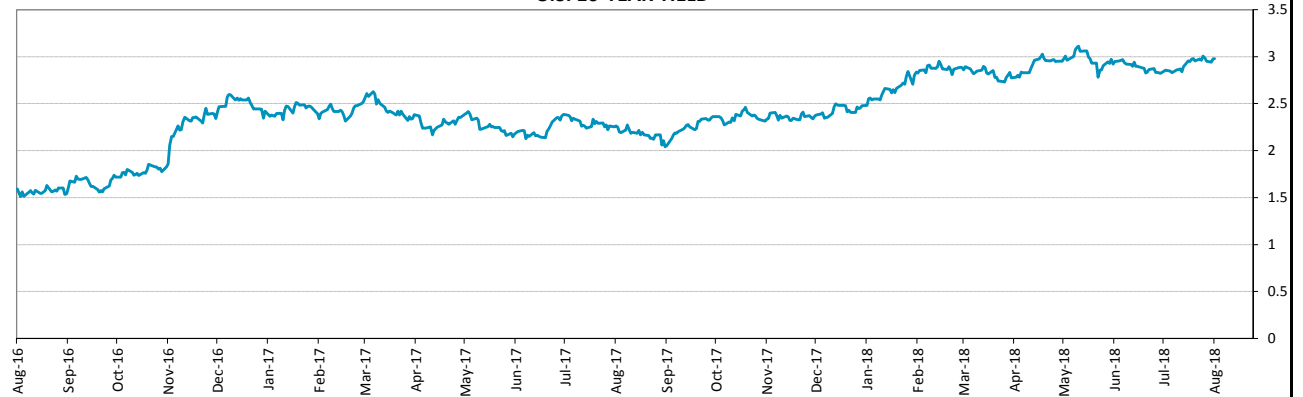
| CAD\$ FOREIGN EXCHANGE CROSSES | | | CANADA BENCHMARKS | | | | | |
|--------------------------------|--------|---------|-------------------|--------|----------|---------|-------|-----------|
| CROSS | SPOT | CHANGE | TERM | COUPON | MATURITY | PRICE | YIELD | \$ CHANGE |
| USD/CAD | 1.308 | 0.0029 | 2 Year | 1.250 | 1-Nov-19 | 99.057 | 2.03 | -0.01 |
| CAD/USD | 0.764 | -0.0017 | 5 Year | 1.000 | 1-Sep-22 | 95.18 | 2.25 | 0.00 |
| EUR/CAD | 1.515 | 0.0015 | 10 Year | 1.000 | 1-Jun-27 | 89.172 | 2.37 | -0.05 |
| GBP/CAD | 1.683 | -0.0061 | 30 Year | 2.750 | 1-Dec-48 | 107.825 | 2.39 | -0.08 |
| CAD/JPY | 84.936 | -0.3950 | | | | | | |

| US\$ FOREIGN EXCHANGE CROSSES | | | U.S. BENCHMARKS | | | | | |
|-------------------------------|---------|---------|-----------------|--------|-----------|--------|-------|-----------|
| CROSS | SPOT | CHANGE | TERM | COUPON | MATURITY | PRICE | YIELD | \$ CHANGE |
| EUR/USD | 1.159 | -0.0014 | 2 Year | 1.875 | 31-Dec-19 | 99.020 | 2.83 | -0.01 |
| GBP/USD | 1.286 | -0.0075 | 5 Year | 2.125 | 31-Aug-22 | 97.117 | 2.83 | -0.01 |
| USD/JPY | 111.120 | -0.2600 | 10 Year | 2.250 | 15-Nov-27 | 94.125 | 2.98 | -0.05 |
| | | | 30 Year | 2.750 | 15-Nov-47 | 92.703 | 3.13 | -0.19 |

CANADIAN DOLLAR (PER U.S. DOLLAR)



U.S. 10-YEAR YIELD



DAILY COMMENTARY

Bond prices are unchanged. The U.S. market faces a \$26 billion ten-year auction, which might produce a yield above 3%. The U.S. dollar is stronger against all currencies.



| ECONOMIC RELEASES | | | | | | | CANADA/U.S. SPREADS | | | YIELD CURVE SHIFTS | | |
|-------------------|---|-----------------------|--------|---|---|---------------------|---------------------|-----|--------|--------------------|--------|--------|
| DATE | CANADA | EST | ACTUAL | USA | EST | ACTUAL | 0 | BPs | CHANGE | ROLL | SPREAD | CHANGE |
| MON | | | | | | | | | | | | |
| TUE | BBG Nanos Conf Ivey Purch Mgrs | | | JOLTS Job Openings Consumer Credit | 6625.00 \$15.0b | 6662.00 \$10.21b | | | | | | |
| WED | Building Permits MoM | -1.20% | -2.30% | MBA Mortgage Applications | | -3.0% | | | | | | |
| THU | Housing Starts New House Price Index | 219.5k 0.7% | | Initial Jobless Claims Continuing Claims PPI Core MoM PPI Core YoY Wholesale Inventories MoM Wholesale Trade Sales MoM | 220k 1735k 0.2% 2.8% 0.0% 0.2% | | | | | | | |
| FRI | Net Change employment Unemployment Rate Hourly Earnings | 19.0k 5.9% 3.6% | | CPI Core MoM CPI Core YoY Real Avge Wkly Earnings Monthly Budget | 0.2% 2.3% (\$76.5B) | | | | | | | |

| U.S. RATES | | | CDN MONEY MARKET | | CANADIAN RATES | |
|------------|------|----------------------|------------------|-----------|----------------|--|
| PRIME | 5.00 | Bankers' Acceptances | | PRIME | 3.45 | |
| BANK RATE | 3.75 | 30 Day | 1.82 | BANK RATE | 1.25 | |
| FED FUNDS | 2.00 | 60 Day | 1.86 | | | |
| DISCOUNT | 2.50 | 90 Day | 1.95 | | | |
| 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, Odium Brown