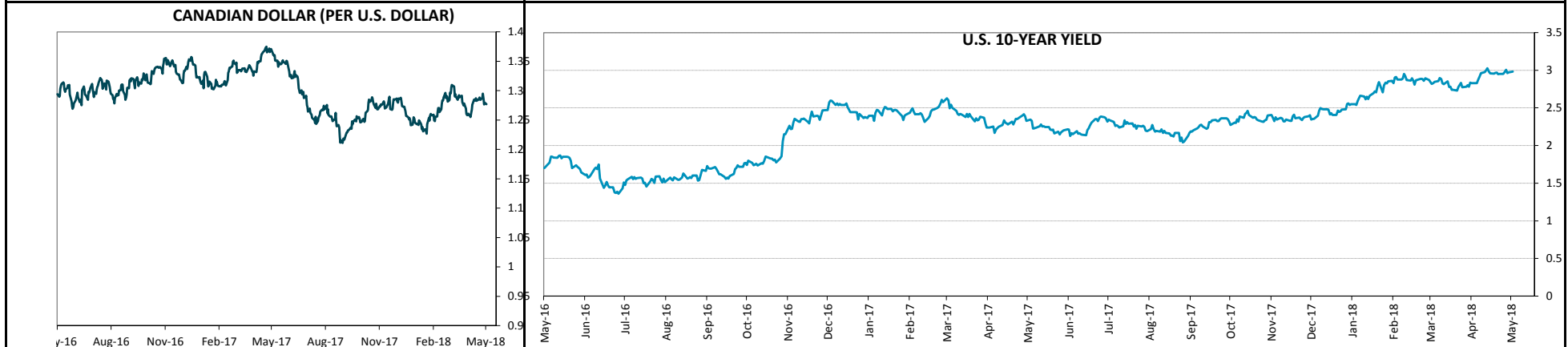




| CAD\$ FOREIGN EXCHANGE CROSSES | | | CANADA BENCHMARKS | | | | | |
|--------------------------------|--------|---------|-------------------|--------|----------|---------|-------|-----------|
| CROSS | SPOT | CHANGE | TERM | COUPON | MATURITY | PRICE | YIELD | \$ CHANGE |
| USD/CAD | 1.277 | -0.0024 | 2 Year | 1.250 | 1-Nov-19 | 99.096 | 1.88 | -0.02 |
| CAD/USD | 0.783 | 0.0015 | 5 Year | 1.000 | 1-Sep-22 | 95.08 | 2.21 | -0.09 |
| EUR/CAD | 1.531 | 0.0025 | 10 Year | 1.000 | 1-Jun-27 | 88.691 | 2.40 | -0.25 |
| GBP/CAD | 1.735 | 0.0016 | 30 Year | 2.750 | 1-Dec-48 | 106.866 | 2.43 | -0.57 |
| CAD/JPY | 85.747 | 0.2500 | | | | | | |

| US\$ FOREIGN EXCHANGE CROSSES | | | U.S. BENCHMARKS | | | | | |
|-------------------------------|---------|--------|-----------------|--------|-----------|--------|-------|-----------|
| CROSS | SPOT | CHANGE | TERM | COUPON | MATURITY | PRICE | YIELD | \$ CHANGE |
| EUR/USD | 1.199 | 0.0042 | 2 Year | 1.875 | 31-Dec-19 | 99.000 | 2.84 | -0.02 |
| GBP/USD | 1.359 | 0.0044 | 5 Year | 2.125 | 31-Aug-22 | 96.930 | 2.84 | -0.05 |
| USD/JPY | 109.510 | 0.1200 | 10 Year | 2.250 | 15-Nov-27 | 93.844 | 3.00 | -0.13 |
| | | | 30 Year | 2.750 | 15-Nov-47 | 92.906 | 3.12 | -0.23 |



DAILY COMMENTARY

Bonds are weaker this morning as the ten-year tests 3% again.
 Canada will see the latest CPI reading later in the week.
 The Loonie is poised to advance further.

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 | Teranet House Price Index Teranet House Price Index y | | 0.2% 5.6% | | | | 3 Month | -0.70 | 0.056 | 2 - 5 Year | 0.26 | 0.01 | |
| TUE | Existing Home Sales | 1.4% | | Empire Mfg. Retail Sales Bus. Inventories NAHB Hsg. Mkt Index Total TIC Flows | 15.00 0.30% 0.10% 69.00 | | 5 Year | -0.62 | -0.010 | 2 - 10 Year | 0.43 | 0.02 | |
| WED | Mfg Sales MoM | 1.00% | | MBA Mortgage Applications Housing Starts Housing Starts Building Permits Building Permits MoM Ind'L Production Capacity Utilization | 1310k -0.70% 1350k -2.10% 0.6% 78.40% | | 10 Year | -0.58 | -0.019 | 2 - 30 Year | 0.45 | 0.01 | |
| THU | Int'L Secs Transactions | | | Initial Jobless Claims Continuing Claims Philly Fed Leading Index | 215k 1780k 21.0 0.4% | | 30 Year | -0.69 | -0.013 | 5 - 10 Year | 0.17 | 0.01 | |
| FRI | Retail Sales MoM CPI CPI YoY | 0.20% 0.3% 1.9% | | | | | U.S. RATES | | | CDN MONEY MARKET | | CANADIAN RATES | |
| | | | | | | | PRIME | 4.75 | Bankers' Acceptances | PRIME | 3.45 | | |
| | | | | | | | BANK RATE | 3.50 | 30 Day | 1.64 | BANK RATE | 1.25 | |
| | | | | | | | FED FUNDS | 1.75 | 60 Day | 1.68 | | | |
| | | | | | | | DISCOUNT | 2.25 | 90 Day | 1.75 | | | |
| | | | | | | | 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