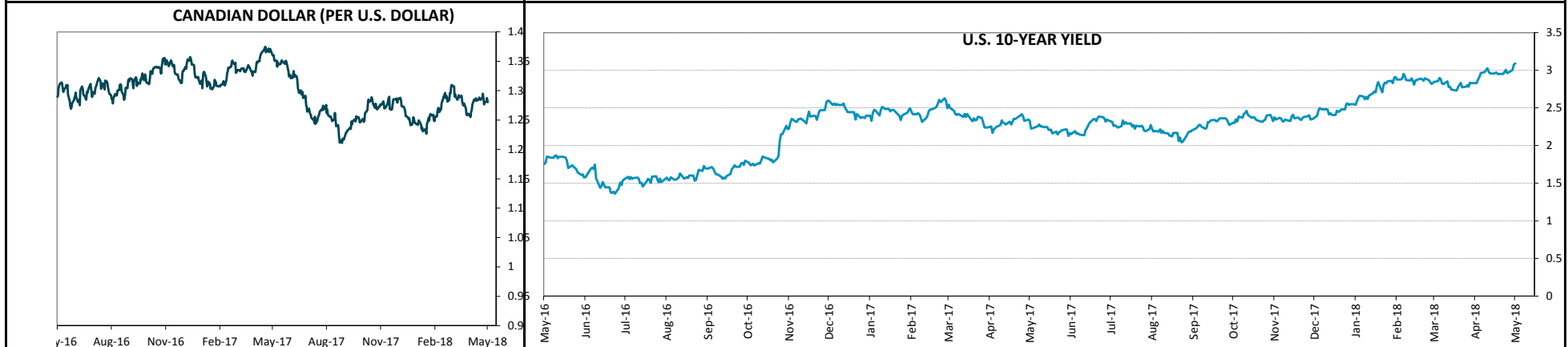




| CAD\$ FOREIGN EXCHANGE CROSSES |        |         | CANADA BENCHMARKS |        |          |         |       |           |
|--------------------------------|--------|---------|-------------------|--------|----------|---------|-------|-----------|
| CROSS                          | SPOT   | CHANGE  | TERM              | COUPON | MATURITY | PRICE   | YIELD | \$ CHANGE |
| USD/CAD                        | 1.280  | -0.0078 | 2 Year            | 1.250  | 1-Nov-19 | 99.008  | 1.95  | -0.02     |
| CAD/USD                        | 0.781  | 0.0047  | 5 Year            | 1.000  | 1-Sep-22 | 94.76   | 2.29  | -0.05     |
| EUR/CAD                        | 1.508  | -0.0159 | 10 Year           | 1.000  | 1-Jun-27 | 88.030  | 2.49  | -0.08     |
| GBP/CAD                        | 1.726  | -0.0126 | 30 Year           | 2.750  | 1-Dec-48 | 105.041 | 2.51  | 0.00      |
| CAD/JPY                        | 86.189 | 0.4930  |                   |        |          |         |       |           |

| US\$ FOREIGN EXCHANGE CROSSES |         |         | U.S. BENCHMARKS |        |           |        |       |           |
|-------------------------------|---------|---------|-----------------|--------|-----------|--------|-------|-----------|
| CROSS                         | SPOT    | CHANGE  | TERM            | COUPON | MATURITY  | PRICE  | YIELD | \$ CHANGE |
| EUR/USD                       | 1.179   | -0.0053 | 2 Year          | 1.875  | 31-Dec-19 | 98.953 | 2.91  | -0.02     |
| GBP/USD                       | 1.349   | -0.0014 | 5 Year          | 2.125  | 31-Aug-22 | 96.609 | 2.91  | -0.05     |
| USD/JPY                       | 110.320 | -0.0300 | 10 Year         | 2.250  | 15-Nov-27 | 93.000 | 3.11  | -0.14     |
|                               |         |         | 30 Year         | 2.750  | 15-Nov-47 | 91.188 | 3.21  | -0.20     |



**DAILY COMMENTARY**

Bond yields are slightly below yesterday's peak levels but are holding firm above 3%.  
The U.S. dollar is mixed with the loonie up slightly after decent manufacturing sales numbers.

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<br>Teranet House Price Index y |                       | 0.2%<br>5.6% |   |  |   | 3 Month  | -0.70 | 0.060  | 2 - 5 Year         | 0.27   | 0.00             |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
|                         |  |                       |              |   |  |   |  | -0.54 | -0.001 | 2 - 10 Year        | 0.44   | 0.00             |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
|                         |  |                       |              |   |  |   | 5 Year   | -0.61 | -0.001 | 2 - 30 Year        | 0.46   | -0.01            |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
| TUE                     | Existing Home Sales                                      | 1.4%                  | -2.90%       | Empire Mfg.<br>Retail Sales<br>Bus. Inventories<br>NAHB Hsg. Mkt Index<br>Total TIC Flows   | 15.00<br>0.30%<br>0.10%<br>69.00                               | 20.10<br>0.30%<br>0.00%<br>70.00<br>\$38.5b                   | 10 Year  | -0.60 | 0.008  | 5 - 10 Year        | 0.17   | 0.00             |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
|                         |  |                       |              |   |  |   | 30 Year  | -0.70 | 0.012  | 10 - 30 Year       | 0.02   | -0.01            |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
| WED                     | Mfg Sales MoM  | 1.00%                 | 1.40%        | MBA Mortgage Applications<br>Housing Starts<br>Housing Starts<br>Building Permits<br>Building Permits MoM<br>Ind'L Production<br>Capacity Utilization | 1310k<br>-0.70%<br>-3.70%<br>1350k<br>-2.10%<br>0.6%<br>78.40% | -2.7%<br>1287k<br>-3.70%<br>1352k<br>-1.80%<br>0.7%<br>78.00% | <table border="1"> <thead> <tr> <th colspan="2">U.S. RATES</th> <th colspan="2">CDN MONEY MARKET</th> <th colspan="2">CANADIAN RATES</th> </tr> </thead> <tbody> <tr> <td>PRIME</td> <td>4.75</td> <td>Bankers' Acceptances</td> <td></td> <td>PRIME</td> <td>3.45</td> </tr> <tr> <td>BANK RATE</td> <td>3.50</td> <td>30 Day</td> <td>1.64</td> <td>BANK RATE</td> <td>1.25</td> </tr> <tr> <td>FED FUNDS</td> <td>1.75</td> <td>60 Day</td> <td>1.68</td> <td></td> <td></td> </tr> <tr> <td>DISCOUNT</td> <td>2.25</td> <td>90 Day</td> <td>1.75</td> <td></td> <td></td> </tr> <tr> <td>LIBOR 3MO</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>  |       |        | 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 |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
| 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               |  |                       |              |   |  |   |  |       |        |                    |        |                  |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
| THU                     | Int'L Secs Transactions                                  |                       |              | Initial Jobless Claims<br>Continuing Claims<br>Philly Fed<br>Leading Index  | 215k<br>1780k<br>21.0<br>0.4%                                  |   | <table border="1"> <thead> <tr> <th colspan="7">CANADA YIELD CURVE</th> </tr> <tr> <th colspan="7">January 3, 2012 - Today</th> </tr> </thead> <tbody> <tr> <td>Term</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>10</td> </tr> <tr> <td>Yield</td> <td>0.2491</td> <td>0.81</td> <td>0.97</td> <td>0.970</td> <td>1.010</td> <td>2.57</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1.990</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1.540</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1.300</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1.200</td> </tr> </tbody> </table> |       |        |                    |        |                  | CANADA YIELD CURVE |                |  |       |      |                      |  | January 3, 2012 - Today |      |           |      |        |      |           | Term | 1         | 2    | 3      | 4    | 5 | 10 | Yield    | 0.2491 | 0.81   | 0.97 | 0.970 | 1.010 | 2.57      |  |  |  |  |  |  | 1.990 |  |  |  |  |  |  | 1.540 |  |  |  |  |  |  | 1.300 |  |  |  |  |  |  | 1.200 |
| CANADA YIELD CURVE      |  |                       |              |   |  |   |  |       |        |                    |        |                  |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
| January 3, 2012 - Today |  |                       |              |   |  |   |  |       |        |                    |        |                  |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
| Term                    | 1  | 2                     | 3            | 4   | 5  | 10  |  |       |        |                    |        |                  |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
| Yield                   | 0.2491   | 0.81                  | 0.97         | 0.970   | 1.010  | 2.57  |  |       |        |                    |        |                  |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
|                         |  |                       |              |   |  | 1.990   |  |       |        |                    |        |                  |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
|                         |  |                       |              |   |  | 1.540   |  |       |        |                    |        |                  |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
|                         |  |                       |              |   |  | 1.300   |  |       |        |                    |        |                  |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
|                         |  |                       |              |   |  | 1.200   |  |       |        |                    |        |                  |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |
| FRI                     | Retail Sales MoM<br>CPI<br>CPI YoY                       | 0.20%<br>0.3%<br>1.9% |              |   |  |   |  |       |        |                    |        |                  |                    |                |  |       |      |                      |  |                         |      |           |      |        |      |           |      |           |      |        |      |   |    |          |        |        |      |       |       |           |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |  |  |  |  |  |  |       |

Source: Bloomberg, Odlum Brown