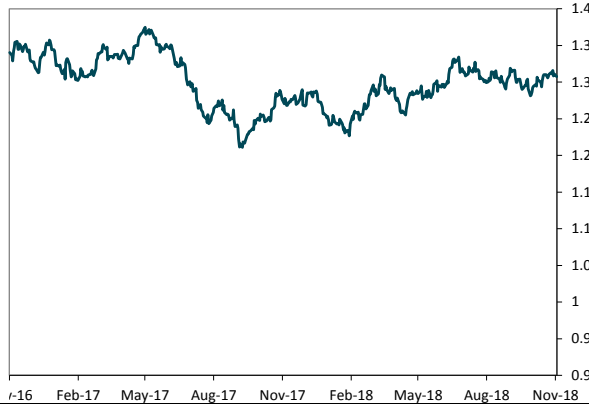




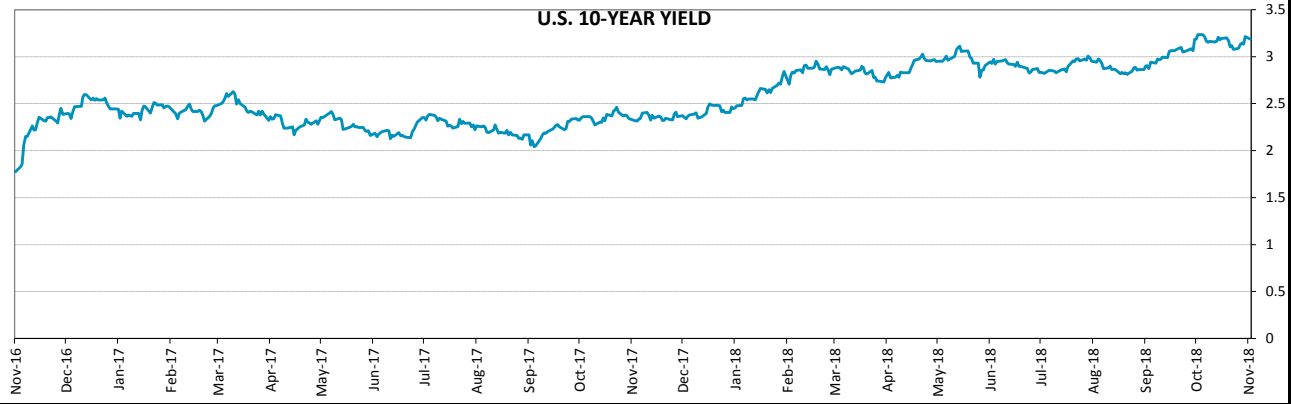
| CAD\$ FOREIGN EXCHANGE CROSSES | | | CANADA BENCHMARKS | | | | | |
|--------------------------------|--------|---------|-------------------|--------|----------|---------|-------|-----------|
| CROSS | SPOT | CHANGE | TERM | COUPON | MATURITY | PRICE | YIELD | \$ CHANGE |
| USD/CAD | 1.308 | -0.0033 | 2 Year | 2.000 | 1-Nov-20 | 99.335 | 2.35 | 0.00 |
| CAD/USD | 0.765 | 0.0018 | 5 Year | 2.000 | 1-Sep-23 | 98.02 | 2.44 | 0.03 |
| EUR/CAD | 1.491 | -0.0022 | 10 Year | 2.000 | 1-Jun-28 | 95.597 | 2.52 | 0.09 |
| GBP/CAD | 1.703 | 0.0030 | 30 Year | 2.750 | 1-Dec-48 | 104.073 | 2.56 | 0.29 |
| CAD/JPY | 86.485 | 0.1430 | | | | | | |

| US\$ FOREIGN EXCHANGE CROSSES | | | U.S. BENCHMARKS | | | | | |
|-------------------------------|---------|---------|-----------------|--------|-----------|--------|-------|-----------|
| CROSS | SPOT | CHANGE | TERM | COUPON | MATURITY | PRICE | YIELD | \$ CHANGE |
| EUR/USD | 1.140 | 0.0011 | 2 Year | 2.875 | 31-Oct-20 | 99.953 | 2.90 | 0.00 |
| GBP/USD | 1.302 | 0.0052 | 5 Year | 2.875 | 31-Oct-23 | 99.359 | 3.01 | 0.09 |
| USD/JPY | 113.110 | -0.0900 | 10 Year | 2.875 | 15-Aug-28 | 97.406 | 3.18 | 0.22 |
| | | | 30 Year | 3.000 | 15-Aug-48 | 92.109 | 3.42 | 0.52 |

CANADIAN DOLLAR (PER U.S. DOLLAR)



U.S. 10-YEAR YIELD



DAILY COMMENTARY

The bond market is steady with little market-moving news on tap. The mid-term elections are dominating traders' thoughts. The loonie is rallying even as the U.S. dollar strengthens against other currencies.

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 | Nanos Confidence | | | Services PMI Composite PMI ISM Non-Mfg | 54.60 59.0 | 54.80 54.9 60.3 | 3 Month | -0.62 | 0.075 | 2 - 5 Year | 0.09 | 0.00 |
| TUE | Building Permits MoM | 0.3% | | JOLTS Job Openings | 7085.0 | | 2 Year | -0.55 | -0.004 | 2 - 10 Year | 0.18 | -0.01 |
| WED | Ivey Purch. Mgrs. | | | MBA Mortgage Applications Consumer Credit | \$ 15.0b | | 5 Year | -0.58 | -0.012 | 2 - 30 Year | 0.21 | -0.01 |
| THU | Housing Starts New House Price Index New House Price Index | 196.5k 0.0% 0.2% | | Initial Jobless Claims Continuing Claims BBG Consumer Confidence FOMC Rate Decision | 213k 1635k 2.25% | | 10 Year | -0.66 | -0.015 | 5 - 10 Year | 0.08 | 0.00 |
| FRI | | | | PPI Core MoM PPI Core YoY U. Michigan Sentiment | 0.2% 2.3% 98.0 | | 30 Year | -0.87 | -0.015 | 10 - 30 Year | 0.03 | 0.00 |

| U.S. RATES | | CDN MONEY MARKET | | CANADIAN RATES | |
|------------|------|----------------------|------|----------------|------|
| PRIME | 5.25 | Bankers' Acceptances | | PRIME | 3.95 |
| BANK RATE | 4.00 | 30 Day | 2.08 | BANK RATE | 1.75 |
| FED FUNDS | 2.25 | 60 Day | 2.13 | | |
| DISCOUNT | 2.75 | 90 Day | 2.21 | | |
| LIBOR 3MO | | | | | |

CANADA YIELD CURVE
January 3, 2012 - Today

| Term | Yield (Today) | Yield (Jan 3, 2012) |
|------|---------------|---------------------|
| 1 | 0.81 | 0.2491 |
| 2 | 1.90 | 0.81 |
| 3 | 2.15 | 0.97 |
| 4 | 2.35 | 0.970 |
| 5 | 2.40 | 1.010 |
| 6 | 2.45 | 1.200 |
| 7 | 2.48 | 1.300 |
| 8 | 2.50 | 1.540 |
| 9 | 2.52 | 1.990 |
| 10 | 2.57 | 1.990 |

Source: Bloomberg, Odium Brown