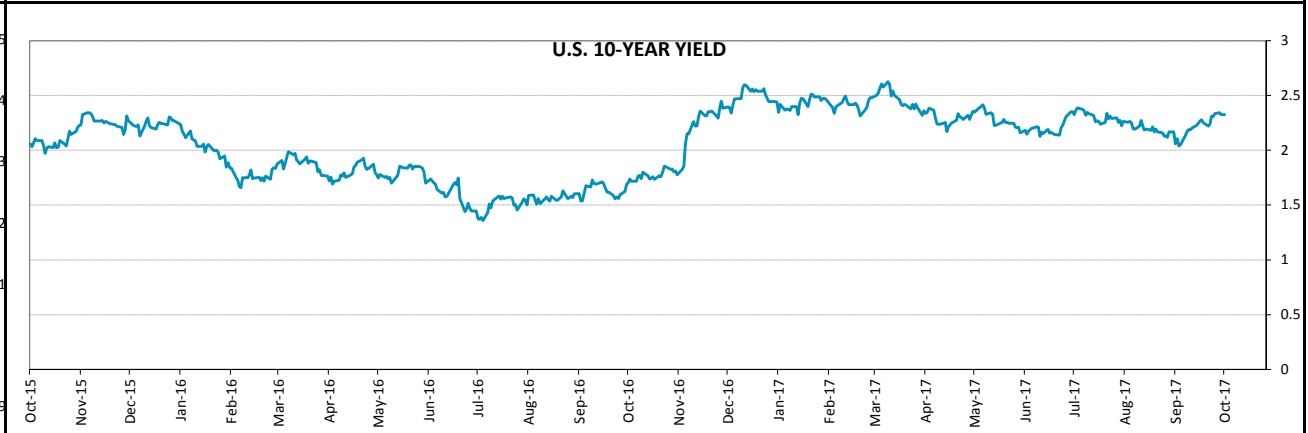
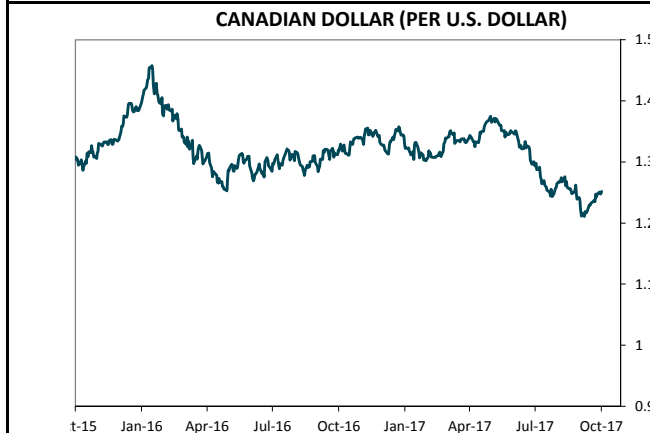




| CAD\$ FOREIGN EXCHANGE CROSSES |        |         | CANADA BENCHMARKS |        |          |         |       |           |
|--------------------------------|--------|---------|-------------------|--------|----------|---------|-------|-----------|
| CROSS                          | SPOT   | CHANGE  | TERM              | COUPON | MATURITY | PRICE   | YIELD | \$ CHANGE |
| USD/CAD                        | 1.252  | 0.0047  | 2 Year            | 0.750  | 1-Aug-19 | 98.625  | 1.52  | 0.01      |
| CAD/USD                        | 0.798  | -0.0032 | 5 Year            | 1.000  | 1-Sep-22 | 96.47   | 1.76  | 0.01      |
| EUR/CAD                        | 1.470  | 0.0027  | 10 Year           | 1.000  | 1-Jun-27 | 90.457  | 2.10  | 0.12      |
| GBP/CAD                        | 1.646  | -0.0070 | 30 Year           | 2.750  | 1-Dec-48 | 105.919 | 2.48  | 0.22      |
| CAD/JPY                        | 89.810 | -0.5760 |                   |        |          |         |       |           |

| US\$ FOREIGN EXCHANGE CROSSES |         |         | U.S. BENCHMARKS |        |           |        |       |           |
|-------------------------------|---------|---------|-----------------|--------|-----------|--------|-------|-----------|
| CROSS                         | SPOT    | CHANGE  | TERM            | COUPON | MATURITY  | PRICE  | YIELD | \$ CHANGE |
| EUR/USD                       | 1.174   | -0.0022 | 2 Year          | 1.250  | 31-Aug-19 | 99.578 | 1.48  | -0.02     |
| GBP/USD                       | 1.314   | -0.0105 | 5 Year          | 1.625  | 31-Aug-22 | 98.648 | 1.92  | -0.03     |
| USD/JPY                       | 112.470 | -0.2900 | 10 Year         | 2.250  | 15-Aug-27 | 99.359 | 2.32  | -0.03     |
|                               |         |         | 30 Year         | 2.750  | 15-Aug-47 | 97.688 | 2.86  | -0.03     |



**DAILY COMMENTARY**

Bonds are unchanged this morning ahead of tomorrow's payroll report.  
Canada's trade deficit worsened and the Loonie is slumping against a generally strong U.S.dollar.

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               | Bloomberg Nanos Confidence<br>Markit Canada Manufacturing                                       |                       |                      | Markit US Manufacturing    | 53.00     | 53.10     |   |       |                      | 2 - 5 Year         | 0.24      | 0.00   |                |  |  |
|                   |   |                       | 58.3                 | ISM Manufacturing          | 58.1      | 60.8      | 3 Month   | -0.11 | 0.048                | 2 - 10 Year        | 0.58      | -0.01  |                |  |  |
|                   |   |                       | 55.0                 | ISM Prices Paid            | 63.0      | 71.5      |   | 0.04  | 0.011                | 2 - 30 Year        | 0.95      | 0.00   |                |  |  |
|                   |   |                       |                      | Construction Spending      | 0.4%      | 0.5%      | 5 Year  | -0.16 | 0.012                | 5 - 10 Year        | 0.34      | -0.01  |                |  |  |
|                   |   |                       |                      |                            |           |           | 10 Year   | -0.23 | 0.019                | 10 - 30 Year       | 0.38      | 0.01   |                |  |  |
| TUE               |   |                       |                      | Wards Total Vehicle Sales  | 17.1m     | 18.5m     |   |       |                      |                    |           |        |                |  |  |
|                   |   |                       |                      | Domestic Vehicle Sales     | 13.0m     | 14.3m     |   |       |                      |                    |           |        |                |  |  |
| WED               |   |                       |                      | MBA Mortgage Applications  |           | -0.4%     | U.S. RATES  |       |                      | CDN MONEY MARKET   |           |        | CANADIAN RATES |  |  |
|                   |   |                       |                      | ADP Employment Change      | 138k      | 135k      | PRIME   | 4.25  | Bankers' Acceptances | PRIME              | 3.2       |        |                |  |  |
|                   |   |                       |                      | Markit US Services PMI     | 55.1      | 55.3      | BANK RATE   | 3.00  | 30 Day               | 1.30               | BANK RATE | 1.25   |                |  |  |
|                   |   |                       |                      | Markit US Composite PMI    |           | 54.8      | FED FUNDS   | 1.25  | 60 Day               | 1.35               |           |        |                |  |  |
|                   |   |                       |                      | ISM Non-Manf Composite     | 55.5      | 59.8      | DISCOUNT  | 1.75  | 90 Day               | 1.41               |           |        |                |  |  |
|                   |   |                       |                      |                            |           | LIBOR 3MO |   |       |                      |                    |           |        |                |  |  |
| THU               | Intl Merchandise Trade  | (\$2.6B)              | (\$3.41b)            | Initial Jobless Claims     | 265k      | 260k      | <b>CANADA YIELD CURVE</b><br><i>January 3, 2012 - Today</i> |       |                      |                    |           |        |                |  |  |
|                   |   |                       | Continuing Claims    | 1949k                      | 1938k     |           |   |       |                      |                    |           |        |                |  |  |
|                   |   |                       | Trade Balance        | (\$42.7b)                  | (\$42.4b) |           |   |       |                      |                    |           |        |                |  |  |
|                   |   |                       | Factory Orders       | 1.0%                       |           |           |   |       |                      |                    |           |        |                |  |  |
|                   |   |                       | Durable Goods Orders | 1.7%                       |           |           |   |       |                      |                    |           |        |                |  |  |
| FRI               | Net Change in Employment<br>Unemployment Rate<br>Participation Rate<br>Ivey Purchasing Managers | 12.0k<br>6.2%<br>56.0 |                      | Change in Nonfarm Payrolls | 80k       |           |   |       |                      |                    |           |        |                |  |  |
|                   |   |                       |                      | Unemployment Rate          | 4.4%      |           |   |       |                      |                    |           |        |                |  |  |
|                   |   |                       |                      | Avg Hourly Earnings MoM    | 0.3%      |           |   |       |                      |                    |           |        |                |  |  |
|                   |   |                       |                      | Avg Hourly Earnings YoY    | 2.5%      |           |   |       |                      |                    |           |        |                |  |  |
|                   |   |                       |                      | Wholesale Trade Sales      | 0.0%      |           |   |       |                      |                    |           |        |                |  |  |
|                   |   |                       |                      | Wholesale Inventories      | 1.0%      |           |   |       |                      |                    |           |        |                |  |  |

Source: Bloomberg, Odlum Brown