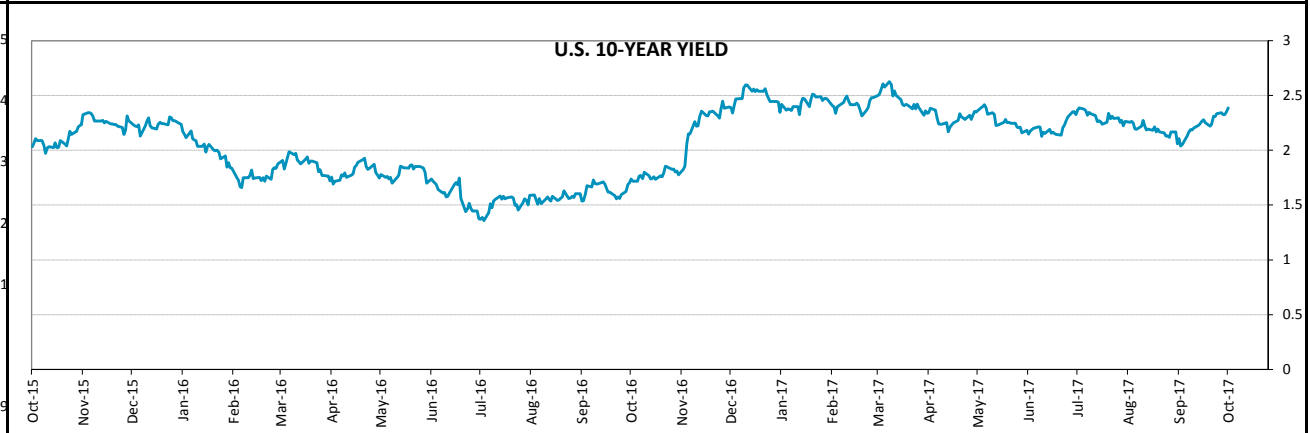
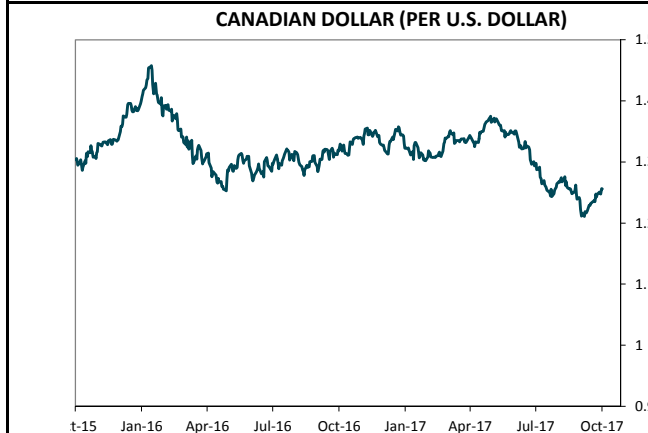




CAD\$ FOREIGN EXCHANGE CROSSES			CANADA BENCHMARKS					
CROSS	SPOT	CHANGE	TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
USD/CAD	1.256	-0.0001	2 Year	0.750	1-Aug-19	98.587	1.55	-0.03
CAD/USD	0.796	0.0000	5 Year	1.000	1-Sep-22	96.32	1.79	-0.13
EUR/CAD	1.469	-0.0022	10 Year	1.000	1-Jun-27	90.094	2.14	-0.36
GBP/CAD	1.639	-0.0091	30 Year	2.750	1-Dec-48	105.184	2.51	-0.70
CAD/JPY	90.171	0.3750						

US\$ FOREIGN EXCHANGE CROSSES			U.S. BENCHMARKS					
CROSS	SPOT	CHANGE	TERM	COUPON	MATURITY	PRICE	YIELD	\$ CHANGE
EUR/USD	1.169	-0.0017	2 Year	1.250	31-Aug-19	99.492	1.52	-0.03
GBP/USD	1.305	-0.0073	5 Year	1.625	31-Aug-22	98.320	1.99	-0.16
USD/JPY	113.300	0.4800	10 Year	2.250	15-Aug-27	98.750	2.39	-0.33
			30 Year	2.750	15-Aug-47	96.578	2.92	-0.56



DAILY COMMENTARY

Bonds are sharply lower following the employment report. While payrolls actually fell, the unemployment rate fell and average hourly earnings jumped sharply. This puts a December hike in the Fed Funds rate on the table. Canada reported a net increase of 10 k in employment but it was a solid mix of permanent versus part-time jobs. The Loonie is holding steady even as the US dollar is stronger against all 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	Bloomberg Nanos Confidence Markit Canada Manufacturing		58.3 55.0	Markit US Manufacturing ISM Manufacturing ISM Prices Paid Construction Spending	53.00 58.1 63.0 0.4%	53.10 60.8 71.5 0.5%	3 Month	-0.14 0.03	0.048 0.005	2 - 5 Year 2 - 10 Year	0.24 0.60	0.02 0.02
TUE				Wards Total Vehicle Sales Domestic Vehicle Sales	17.1m 13.0m	18.5m 14.3m	5 Year	-0.20	0.004	2 - 30 Year	0.96	0.01
WED				MBA Mortgage Applications ADP Employment Change Markit US Services PMI Markit US Composite PMI ISM Non-Manf Composite	138k 55.1 55.5	-0.4% 135k 55.3 54.8 59.8	10 Year	-0.25	0.000	5 - 10 Year	0.35	0.00
THU	Intl Merchandise Trade	(\$2.6B)	(\$3.41b)	Initial Jobless Claims Continuing Claims Trade Balance Factory Orders Durable Goods Orders Durables ex Trans Capital Goods Orders Capital Goods Shipments	265k 1949k (\$42.7b) 1.0% 1.7%	260k 1938k (\$42.4b) 1.2% 2.0% 0.5% 1.1% 1.10%	30 Year	-0.42	0.003	10 - 30 Year	0.37	-0.01
FRI	Net Change in Employment Unemployment Rate Participation Rate Ivey Purchasing Managers	12.0k 6.2% 56.0	10.0k 6.2% 65.6	Change in Nonfarm Payrolls Unemployment Rate Avg Hourly Earnings MoM Avg Hourly Earnings YoY Wholesale Trade Sales Wholesale Inventories	80k 4.4% 0.3% 2.5% 0.0% 1.0%	(33k) 4.2% 0.5% 2.9%	LIBOR 3MO					

U.S. RATES		CDN MONEY MARKET		CANADIAN RATES	
PRIME	4.25	Bankers' Acceptances		PRIME	3.2
BANK RATE	3.00	30 Day	1.30	BANK RATE	1.25
FED FUNDS	1.25	60 Day	1.35		
DISCOUNT	1.75	90 Day	1.41		
LIBOR 3MO					

CANADA YIELD CURVE
January 3, 2012 - Today

Source: Bloomberg, Odlum Brown