

RBC Dominion Securities Morning Market Commentaries

PORTFOLIO ADVISORY GROUP

Friday, November 20, 2009

CANADIAN EQUITIES

The S&P/TSX Composite Index lost 52.39 points yesterday, or 0.5%, to close at 11,600.30. Eight of the ten sectors finished in negative territory led by the Financials, Energy and Industrials sectors. The price of oil lost \$2.12/bbl to close at \$77.46 (-2.7%). The price of natural gas gained \$0.09 to close at \$4.342 (+2.1%). The gold spot price lost \$0.90 to close at \$1,144.60 (-0.1%), while the Canadian dollar closed at \$1.064/USD after losing 0.9%.

The Financials sector was the biggest contributor to the decline with shares of **Manulife (MFC)**, **Royal Bank (RY)** and **Toronto-Dominion (TD)** losing 6.1%, 0.8% and 0.7% respectively. In the Energy sector, shares of **EnCana (ECA)**, **Suncor (SU)** and **Canadian Natural Resources (CNQ)** lost 2.0%, 0.8% and 1.2% respectively.

US & INTERNATIONAL EQUITIES

What moved the market yesterday...

U.S. markets moved lower yesterday as investors took profits on Thursday fretting that the most recent rally is showing signs of fatigue. The S&P 500 finished the day lower by 1.3%. Weakness in the Technology sector contributed to the markets downside move after semiconductor stocks came under pressure following **Bank of America's (BAC)** downgrade of the sub-sector. Leading to the downside were shares of **Intel (INTC)** and **Texas Instruments (TXN)** which fell 4.1% and 3.4% respectively. Materials stocks were weak on the day, due in part to strength in the U.S. dollar. Shares of **Alcoa (AA)** and **US Steel (X)** fell 3.9% and 3.4% respectively. Energy shares underperformed the broader market as crude oil retreated almost \$2 a barrel to \$78.31. Oilfield services stocks came under selling pressure with shares of **Schlumberger (SLB)** and **Halliburton (HAL)** both losing over 3%. Financial shares were weak across the board with **Morgan Stanley (MS)** and **Goldman Sachs (GS)** falling 3.1% and 2.3% respectively. **Visa (V)** and **Master Card (MA)** were both relative outperformers on the day with MasterCard adding 1.2% after the GAO published its report on interchange fees which was pretty benign.

What happened overnight...

European shares fell for a fourth consecutive session on Friday, with banks retreating from earlier gains and energy stocks falling after crude prices slipped. Banks retreated from earlier gains to feature among the worst performers. **UBS (UBS)**, **Societe Generale (SOGN.PA)** and **Barclays (BCS)** fell 2.2 to 2.5 percent. Energy stocks turned lower after crude prices fell 0.5 percent. **BP (BP)**, **Royal Dutch Shell (RDS.A)** and **Total (TOT)** were down 0.6 to 1.3 percent.

Asian stocks fell for a fourth day, the longest losing streak since July, after **Sony (SNE)** pushed back its profitability targets and **Dell Inc. (DELL)** posted lower-than-estimated earnings. **Sony (SNE)**, the maker of the PlayStation 3 game machine, slid 2.4 percent in Tokyo. **United Microelectronics Corp. (UMC)** sank 3.9 percent in Taipei after Merrill Lynch & Co. cut its recommendation.

News...

Oracle (ORCL) has asked Europe's main competition watchdog to extend the deadline for approval of its proposed \$7.4 billion merger with rival **Sun Microsystems (JAVA)**, it emerged. The European Commission said Oracle had requested the extension in order to "have the opportunity to further develop its arguments in relation to the Commission's concerns". The extension has been granted and will push back the deadline for a decision by the Commission from January 19 to January 27. *Financial Times*

Dell (DELL) reported Q3 EPS of \$0.23, \$0.05 worse than consensus of \$0.28, while revenue fell 14.9% year-over-year to \$12.9 billion versus consensus of \$13.18 billion versus the \$13.18 billion consensus.

Google (GOOG) said the first devices running its new Chrome operating system will be available by the end of 2010, as the company gave the first public peek of software that Google hopes will drive usage of Internet applications that include its own services. Chrome OS is expected to initially run on small low-end laptops—known as netbooks—but Google expects the Chrome operating system will run on a broad range of computers over time. *Wall Street Journal*

FIXED INCOME, CURRENCIES AND COMMODITIES

Rates

Treasury prices climbed higher yesterday as a weakening in risk appetite helped revive interest in government securities. The U.S. Treasury announced the size of its upcoming auctions in a combined \$118bn offering of 2yr, 5yr and 7yr notes next week which was in-line with market expectations. On the day, the U.S. 10yr yield fell to 3.34 %, down 3bps and short T-bills briefly traded in negative territory. Jobless claims data was in line with expectations and the leading indicator dropped to 0.3% from 1.0% last month. On the bullish side of the ledger, the Philadelphia Fed jumped to 16.7 from 11.5 in October. Canadian bonds performed in line with Treasuries with yields down 3-5bps and the 10-year closed at 3.39%. Canadian data was also mixed, with wholesale sales disappointing at 0.2% compared to the 1.0% rise expected. The Canadian leading indicator was inline with expectations at 0.7%.

Currency

The Canadian dollar weakened yesterday to close at a two-week low of C\$1.0637/USD following oil prices and equities lower. The EUR also weakened slightly, closing at \$1.4925 while the JPY gained to ¥88.97/USD, benefiting from safe-haven status.

Commodities

Crude oil prices decreased \$2.12 to \$77.46/barrel, falling for the first time in four days as the dollar gained against a basket of currencies. **Natural gas** prices increased \$0.088/mmbtu to \$4.342/mmbtu, rising for the first time in three days on improving US manufacturing and jobless claims. **Gold** prices decreased \$0.90/oz to \$1144.60/oz, remaining relatively unchanged on the day. **Silver** decreased \$0.0288/oz to \$18.5330/oz. **Copper** prices decreased \$64.90/tonne to \$6771.60/tonne, decreasing by a limited amount because of ongoing supply concerns out of South America, the world's leading copper supplier.

CALENDAR OF EVENTS

Key Market Data for the Week (November 16- November 20)							
Date			Time	Period	Actual	Survey	Prior
16-Nov	CA	Manufacturing Sales MoM	8:30	SEP	1.40%	1.30%	-2.10%
	US	Advance Retail Sales	8:30	OCT	1.40%	0.90%	-1.50%
	US	Retail Sales Less Autos	8:30	OCT	0.20%	0.40%	0.50%
	US	Retail Sales Ex Auto & Gas	8:30	OCT	0.30%	0.20%	0.40%
	US	Empire Manufacturing	8:30	NOV	23.51	28.5	34.57
	US	Business Inventories	10:00	SEP	-0.40%	-0.60%	-1.50%
17-Nov	US	Producer Price Index (MoM)	8:30	OCT	0.30%	0.50%	-0.60%
	US	PPI Ex Food & Energy (MoM)	8:30	OCT	-0.60%	0.10%	-0.10%
	US	Producer Price Index (YoY)	8:30	OCT	-1.90%	-1.70%	-4.80%
	US	PPI Ex Food & Energy (YoY)	8:30	OCT	0.70%	1.40%	1.80%
	US	Industrial Production	9:15	OCT	0.10%	0.40%	0.70%
	US	Capacity Utilization	9:15	OCT	70.70%	70.80%	70.50%
	US	NAHB Housing Market Index	13:00	NOV	17	19	18
18-Nov	CA	Consumer Price Index MoM	7:00	OCT	-0.10%	0.10%	0.00%
	CA	Consumer Price Index YoY	7:00	OCT	0.10%	0.20%	-0.90%
	CA	Bank Canada CPI Core MoM	7:00	OCT	0.10%	0.10%	0.30%
	CA	Bank Canada CPI Core YoY	7:00	OCT	1.80%	1.80%	1.50%
	US	MBA Mortgage Applications	7:00	13-Nov	-2.50%	--	3.20%
	US	Consumer Price Index (MoM)	8:30	OCT	0.30%	0.20%	0.20%
	US	CPI Ex Food & Energy (MoM)	8:30	OCT	0.20%	0.10%	0.20%
	US	Consumer Price Index (YoY)	8:30	OCT	-0.20%	-0.30%	-1.30%
	US	CPI Ex Food & Energy (YoY)	8:30	OCT	1.70%	1.60%	1.50%
	US	Housing Starts	8:30	OCT	529K	598K	590K
	US	CPI Core Index SA	8:30	OCT	220.453	--	220.053
	US	Building Permits	8:30	OCT	552K	580K	573K
	US	Consumer Price Index NSA	8:30	OCT	216.177	216.045	215.969
	19-Nov	CA	Int'l Securities Transactions	8:30	SEP	13.59B	--
CA		Wholesale Sales MoM	8:30	SEP	0.20%	0.40%	-1.40%
CA		Leading Indicators MoM	8:30	OCT	0.70%	--	1.10%
US		Initial Jobless Claims	8:30	14-Nov	505K	502K	502K
US		Continuing Claims	8:30	7-Nov	5611K	5620K	5631K
US		Leading Indicators	10:00	OCT	0.30%	0.40%	1.00%
US		Philadelphia Fed.	10:00	NOV	16.7	12	11.5
20-Nov		No Economic Releases					

NUMBER CRUNCHING

Equity Indices	Index Level	Change	Change (%)	MTD (%)	YTD*	2008	2007	2006
S&P/TSX Composite Index	11,600.30	-52.39	-0.4%	6.3%	29.1%	-35.0%	7.2%	14.5%
S&P/TSX Composite Index TR	30,646.06	72.54	0.2%	6.9%	33.4%	-33.0%	9.8%	17.3%
S&P/TSX Equity Index	12,097.32	-48.68	-0.4%	6.6%	29.4%	-33.9%	10.2%	20.2%
S&P/TSX Capped Income Trust Index	119.90	-1.29	-1.1%	3.4%	25.7%	-26.1%	6.6%	-2.9%
Dow Jones Industrial Average	10,332.44	-93.87	-0.9%	6.4%	17.7%	-31.9%	8.9%	19.0%
S&P 500 Index	1,094.90	-14.90	-1.3%	5.7%	21.2%	-37.0%	5.5%	15.8%
NASDAQ Composite Index	2,156.82	-36.32	-1.7%	5.5%	36.8%	-40.5%	9.8%	9.5%
MSCI World	1,171.54	1.98	0.2%	5.9%	27.3%	-42.1%	9.7%	20.7%
MSCI EAFE	1,599.24	4.85	0.3%	4.3%	29.2%	-45.1%	11.8%	27.0%
Dow Jones Euro Stoxx 50	2,488.71	-38.78	-1.5%	3.3%	19.4%	-45.8%	-4.5%	14.3%
FTSE 100	5,267.70	-74.43	-1.4%	4.4%	18.8%	-49.5%	7.8%	14.8%
CAC 40 Index	3,760.22	-67.94	-1.8%	4.2%	16.9%	-45.1%	4.2%	20.9%
DAX Index	5,702.18	-85.43	-1.5%	5.3%	18.5%	-42.9%	22.3%	22.0%
Nikkei 225	9,549.47	-127.33	-1.3%	-4.8%	7.8%	-28.7%	-10.2%	7.9%
MSCI World TR	3,821.72	7.78	0.2%	6.1%	30.89%	-	-	27.1%
Shanghai Stock Exchange Composite	3,320.61	17.38	0.5%	10.8%	82.37%	-63.0%	97.9%	136.1%

S&P/TSX Sector Performance	Index Level	Change	Change (%)	MTD (%)	YTD*	2008	2007	2006
S&P/TSX Financials	1,544.58	-17.15	-1.1%	4.5%	36.2%	-36.4%	-1.6%	19.2%
S&P/TSX Energy	2,754.34	-26.25	-0.9%	2.4%	30.2%	-33.9%	8.2%	6.1%
S&P/TSX Materials	3,222.90	39.65	1.2%	17.3%	42.4%	-26.5%	30.3%	39.8%
S&P/TSX Industrials	1,103.13	-7.26	-0.7%	9.6%	20.3%	-25.1%	10.5%	14.7%
S&P/TSX Consumer Discretionary	856.66	-6.28	-0.7%	3.3%	5.9%	-35.4%	4.2%	15.7%
S&P/TSX Telecom Services	710.79	3.03	0.4%	3.9%	-1.4%	-24.8%	19.9%	20.1%
S&P/TSX Information Technology	231.46	-1.73	-0.7%	-1.5%	28.2%	-54.2%	48.2%	27.3%
S&P/TSX Consumer Staples	1,484.88	-12.50	-0.8%	5.4%	1.9%	-6.1%	-5.3%	5.5%
S&P/TSX Utilities	1,583.52	-6.95	-0.4%	5.3%	4.9%	-20.5%	11.9%	7.0%
S&P/TSX Healthcare	317.59	-2.36	-0.7%	1.7%	25.8%	-30.2%	-24.2%	0.7%

Currencies (in Canadian Dollars)	Index Level	Change	Change (%)	MTD (%)	YTD*	2008	2007	2006
US Dollar	1.0638	0.01	0.9%	-2.0%	-14.6%	22.1%	-14.7%	0.3%
Euro	1.5874	0.01	0.6%	-0.6%	-7.3%	16.9%	-4.4%	11.8%
British Pound	1.7726	0.01	0.3%	-0.7%	-0.5%	-10.2%	-13.6%	14.1%
Japanese Yen	1.1953	0.01	1.2%	-0.7%	-12.4%	50.5%	-7.7%	-0.7%

Energy Commodities (US\$)	Index Level	Change	Change (%)	MTD (%)	YTD*	2008	2007	2006
Crude Oil (WTI per barrel)	\$77.86	-1.72	-2.2%	1.1%	74.6%	-55.7%	57.2%	0.0%
Natural Gas (per million btu)	\$4.35	0.09	2.2%	-13.9%	-22.7%	-25.0%	18.8%	-43.9%
3-2-1 Crack Spread	\$5.45	0.03	0.6%	-8.2%	2.3%	-47.0%	49.1%	-39.8%

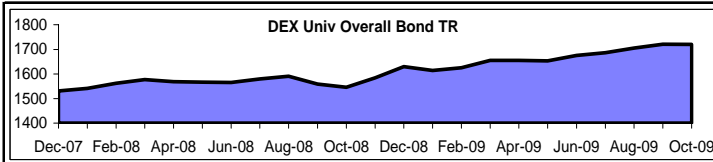
Metal Prices (US\$)	Index Level	Change	Change (%)	MTD (%)	YTD*	2008	2007	2006
Gold (per ounce)	\$1,144.30	-0.30	0.0%	9.5%	29.7%	5.6%	31.0%	23.2%
Silver (per ounce)	\$18.54	0.00	0.0%	13.6%	62.7%	-23.1%	14.7%	46.4%
Copper (per pound)	\$3.11	0.02	0.7%	6.2%	125.4%	-56.6%	5.3%	38.9%
Nickel (per pound)	\$7.75	0.11	1.5%	-6.1%	47.2%	-59.2%	-23.6%	154.5%
Aluminum (per pound)	\$0.92	0.01	1.0%	8.4%	34.8%	-38.1%	-16.7%	24.2%
Zinc (per pound)	\$1.02	-0.01	-0.7%	4.1%	86.1%	-51.5%	-45.1%	121.6%

Index	Index Level	Change	Change (%)	MTD (%)	YTD*	2008	2007	2006
DJIA in Cdn\$	10991.90	-5.24	0.0%	4.3%	2.8%	-16.7%	-6.8%	16.6%
S&P 500 in Cdn\$	1164.78	-5.78	-0.5%	3.6%	5.8%	-22.9%	-9.7%	13.9%
NASDAQ in Cdn\$	2294.48	-18.74	-0.8%	3.4%	19.4%	-27.2%	-6.0%	9.8%
MSCI World in Cdn\$	1246.31	12.72	1.0%	3.9%	11.1%	-29.1%	-8.3%	18.2%
MSCI EAFE in Cdn\$	1701.31	19.63	1.2%	2.3%	12.8%	-32.8%	-7.0%	23.8%

S&P 500 Performance	Index Level	Change	Change (%)	MTD (%)	YTD*	2008	2007	2006
Financials	197.33	-4.07	-2.02%	4.39%	16.91%	-57.0%	-20.8%	16.2%
Health Care	349.79	-1.86	-0.53%	7.28%	13.05%	-24.5%	5.4%	5.8%
Technology	353.56	-5.75	-1.60%	5.74%	52.52%	-43.7%	15.5%	7.7%
Industrials	240.04	-3.64	-1.49%	8.56%	15.84%	-41.5%	9.8%	11.0%
Consumer Discretionary	226.94	-2.69	-1.17%	7.50%	33.96%	-34.7%	-14.3%	17.2%
Energy	435.40	-9.19	-2.07%	3.12%	12.70%	-35.9%	32.4%	22.2%
Consumer Staples	277.34	-0.92	-0.33%	4.29%	12.44%	-17.7%	11.6%	11.8%
Telecom	106.80	-0.76	-0.71%	3.65%	-4.39%	-33.6%	8.5%	32.1%
Materials	196.67	-3.03	-1.52%	11.14%	42.94%	-47.0%	20.0%	15.7%
Utilities	147.15	-1.84	-1.23%	2.08%	-0.53%	-31.5%	15.8%	16.9%

*Index total return data for 2005, 2006, 2007 & 2008 as per RBC CM Quantitative Research, with the exception of S&P/TSX Composite which is simple price return. YTD return data is simple price return. All North American indices in local currency unless otherwise noted,

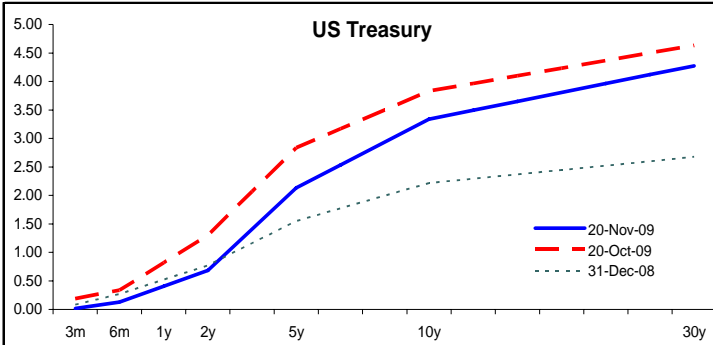
Bond Market



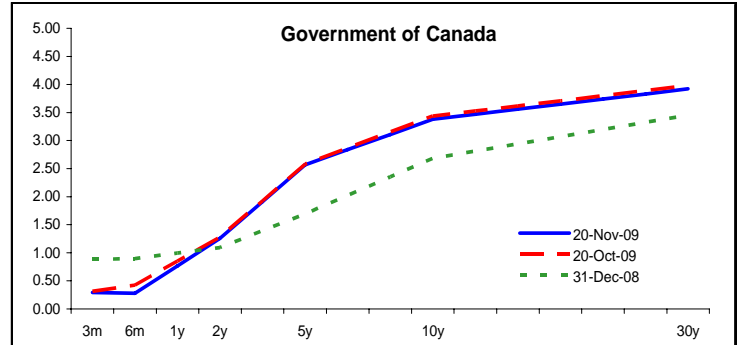
DEX Univ Bond Indices	Value	Month	Quarter	6 Month	YTD	Year
Composite	1359.29	1.13%	3.18%	3.07%	3.80%	8.86%
Short (1-5 Yrs)	1316.53	0.66%	2.70%	3.10%	3.99%	8.72%
Intermediate (5-10 Yrs)	1360.23	1.63%	2.88%	2.86%	3.94%	8.74%
Long (>10 Yrs)	1451.83	1.67%	5.94%	4.88%	4.98%	11.09%

Key Rates			Next Mtg
	Overnight Rate CAN	0.25%	8-Dec
	Bank Rate CAN	0.50%	
	Prime Rate CAN	2.25%	
	Fed Funds US	0-0.25%	16-Dec
	Discount US	0.50%	
	Prime Rate US	3.25%	

International Yields		O/N	1mo	10-Yr	Next Mtg
	United Kingdom	0.50%	0.30%	3.64%	12-Dec
	Eurozone	1.00%	0.20%	3.26%	3-Dec
	Australia	3.00%	2.30%	5.41%	1-Dec
	Japan	0.10%		1.31%	20-Nov



US Treasury Yields			Chg from Open
TSY 1 31OCT11	2-yr	0.68%	-0.025
TSY 2.375 31OCT14	5-yr	2.13%	-0.017
TSY 3.625 15AUG19	10-yr	3.34%	-0.009
TSY 4.5 15AUG39	30-yr	4.28%	-0.007



Government of Canada Yields			Chg from Open
CAN 1.25 1DEC11	2-yr	1.25%	-0.010
CAN 2 1DEC14	5-yr	2.57%	-0.008
CAN 3.75 1JUN19	10-yr	3.38%	-0.008
CAN 5 1JUN37	30-yr	3.92%	-0.003

Money Market*

GIC's	1-yr	2-yr	3-yr	4-yr	5-yr
High	1.55%	2.15%	2.65%	3.05%	3.40%
Average	0.86%	1.71%	2.27%	2.60%	3.00%

	1 mth	2mth	3mth	6mth	1 yr
CDOR	0.40%	0.41%	0.43%	0.62%	0.73%
LIBOR US	0.24%	0.25%	0.27%	0.49%	1.03%

CAD \$1,000,000		1 mth	2mth	3mth	6mth	1 yr
	T-Bills	0.08%	0.14%	0.14%	0.21%	0.52%
	BAs	0.24%	0.25%	0.26%		
	CP	0.20%	0.23%	0.29%		
	ABCP	0.50%	0.50%	0.50%		

CAD \$100,000		1 mth	2mth	3mth	6mth	1 yr
	T-Bills	-0.10%	-0.04%	-0.04%	0.03%	0.34%
	BAs	0.00%	0.01%	0.02%		
	CP	-0.04%	-0.01%	0.05%		

US \$1,000,000		1 mth	2mth	3mth	6mth
	T-Bills	0.02%	0.01%	0.05%	0.14%
	CTBUS	0.05%	0.05%	0.10%	0.26%
	GECC	0.15%	0.15%	0.17%	0.26%
	ABCP	0.45%	n/a	n/a	

US \$100,000		1 mth	2mth	3mth	6mth
	T-Bills	-0.16%	-0.17%	-0.13%	-0.04%
	CTB US	-0.13%	-0.13%	-0.08%	0.08%
	GECC	-0.09%	-0.09%	-0.07%	0.02%

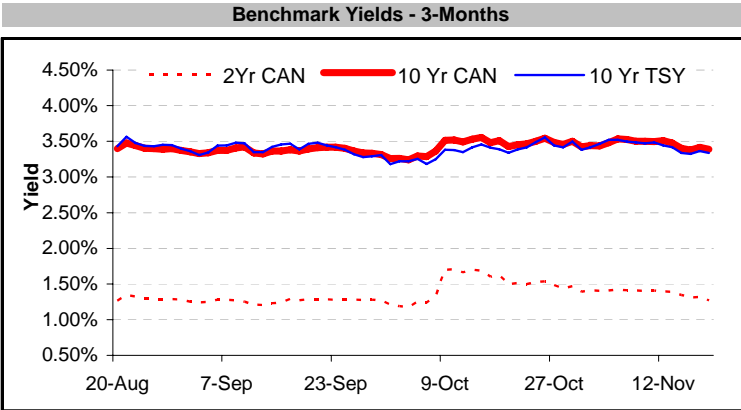
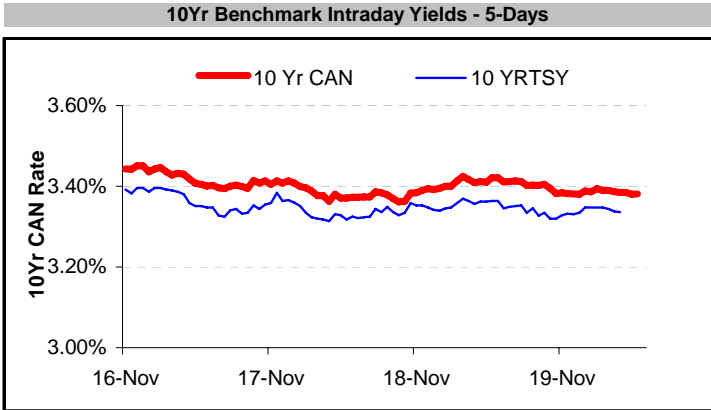
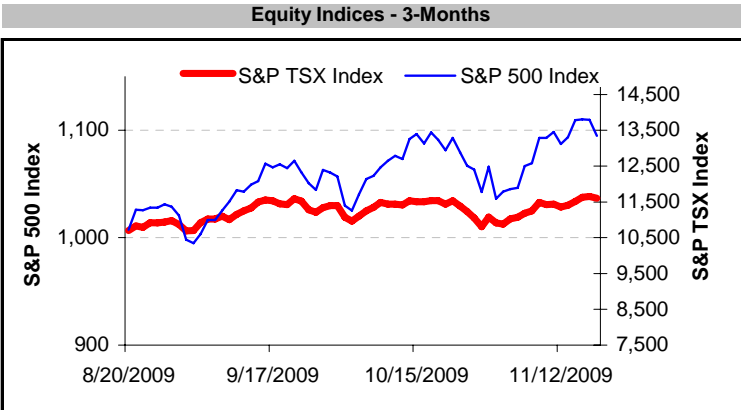
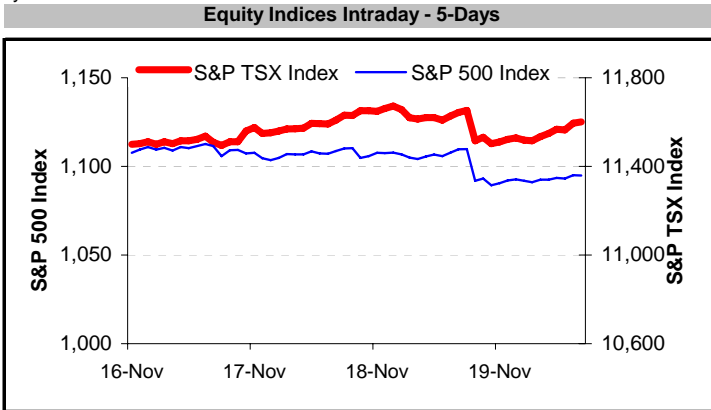
Economic Indicators**

		Actual			Forecast			Actual	Forecast	
		Q309	Q409	Q110	Q210	Q310	Q410		2008	2009
	Overnight Rate	0.25	0.25	0.25	0.25	0.75	1.25	1.50	1.00	0.75
	10-Yr Yield	3.31	3.15	3.35	3.50	3.70	3.85	2.69	2.90	3.60
	Real GDP (est)	(3.10)	2.80	3.20	3.50	3.50	3.70	0.40	(2.40)	2.50
	Headline CPI (est)	(0.90)	1.20	2.00	1.60	1.70	1.50	2.10	0.40	1.70
	Core CPI (est)	1.70	1.50	1.10	1.30	1.40	1.40	2.10	1.40	1.30

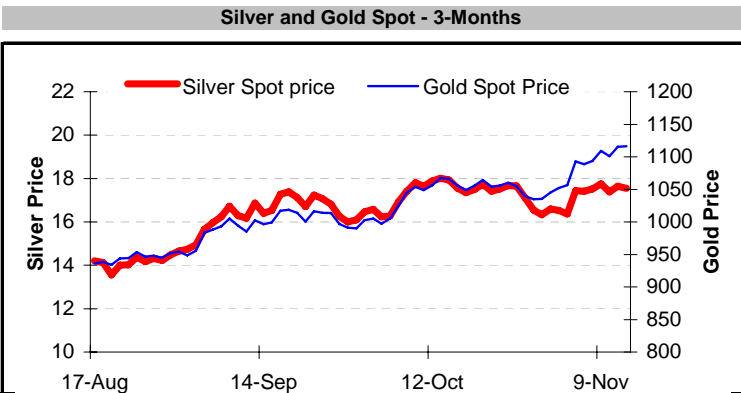
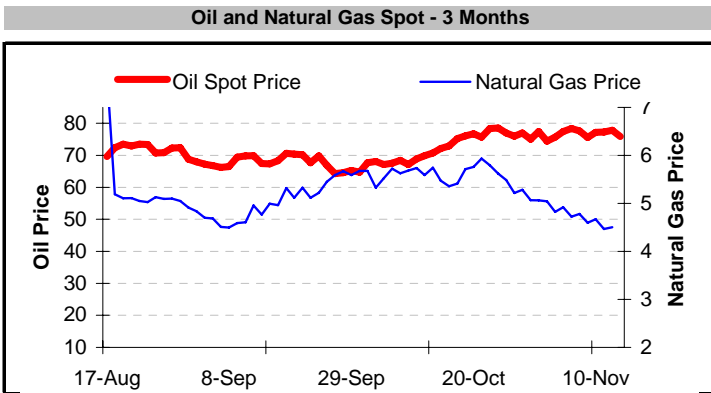
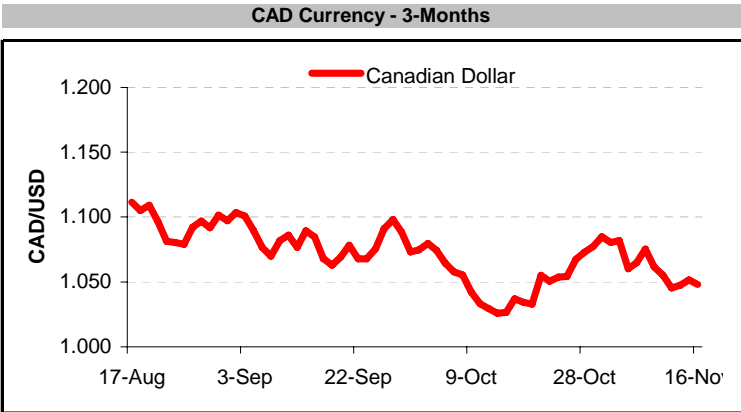
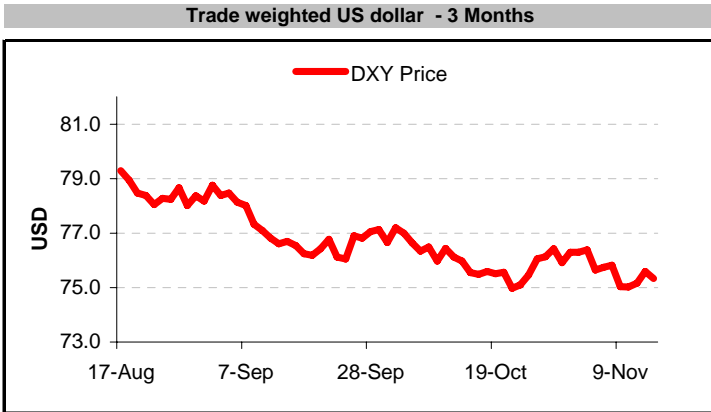
		Actual			Forecast			Actual	Forecast	
		Q309	Q409	Q110	Q210	Q310	Q410		2008	2009
	Fed Funds	0.25	0.25	0.25	0.25	0.25	0.50	0.25	0.0	0.50
	10-Yr Yield	3.31	3.00	3.25	3.50	3.75	3.95	2.22	4.50	3.65
	Real GDP (est)	(2.30)	2.60	2.60	2.70	2.80	3.10	0.40	(2.90)	2.10
	Headline CPI (est)	(2.10)	1.20	1.80	1.30	1.30	1.10	2.90	(0.60)	1.40
	Core CPI (est)	1.40	1.30	1.10	1.00	0.90	0.90	2.30	1.50	1.00

*The prices and yields shown are taken from sources we believe to be reliable. They are provided on an indicative basis for information purposes only. Prices and yields are subject to change with availability and market conditions. RBC Dominion Securities does not warrant its completeness or accuracy. This is not an offer or solicitation for the purchase or sale of any securities or financial instruments. Securities or financial instruments mentioned herein may not be suitable for all investors. ** Source: RBC Economics

Equity Indices Intraday - 5-Days



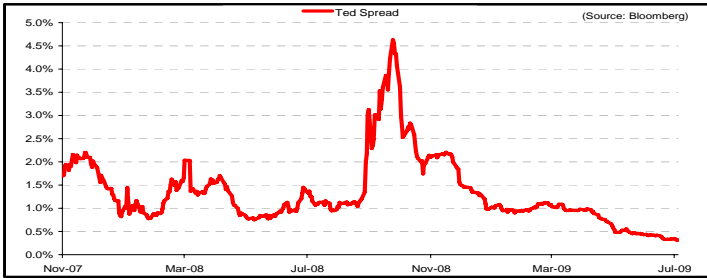
Currencies and Commodities



Equity Indices Intraday - 5-Days

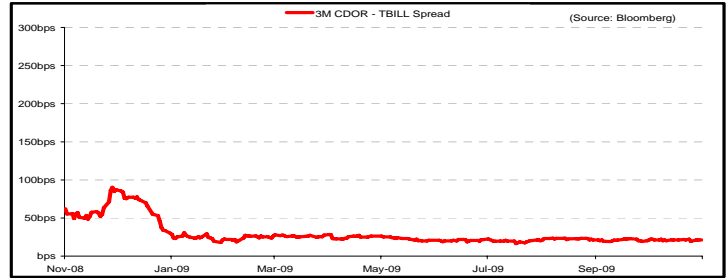
Corporate Credit Spreads

TED Spread



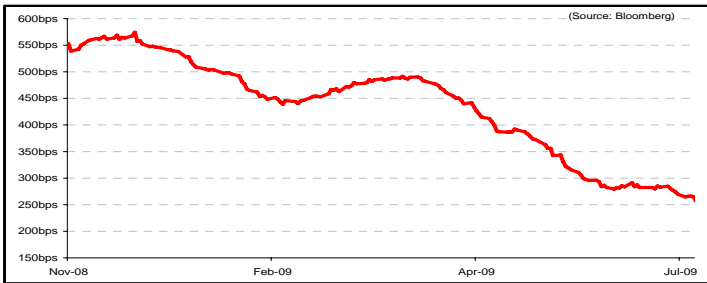
Description: The TED Spread is the difference between the 3-month LIBOR rate, which is a proxy for the rate investors earn on 3-month bank paper, and 3-month T-bills.

3M CDOR - 3M CDN T-BILL



Description: Similar to the TED spread, the spread between CDOR and Canadian T-bills is a gauge of liquidity and risk aversion. CDOR is the average of the dealer's Bankers' Acceptance rates and the spread is a proxy for short-term credit risk.

BAA Corporate Bond Spread



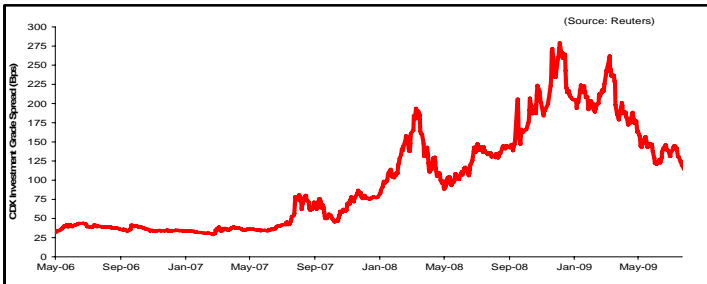
Description: The Moody's Baa bond spread is the average credit spread of a universe of 20+ year Baa corporates.

CDX High Yield 5-Year Spread



Description: The CDX High Yield index is an index of 100 5-year credit default swaps (CDS) of high yield issuers.

CDX Investment Grade 5-Year Spread



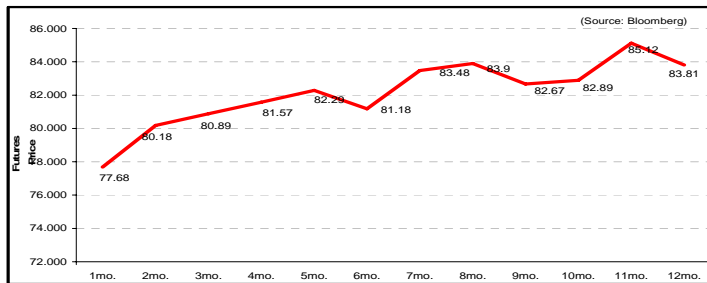
Description: The CDX Investment Grade index is an index of 125 5-year credit default swaps (CDS) of investment grade issuers.

CBOE SPX Volatility Index - "VIX"

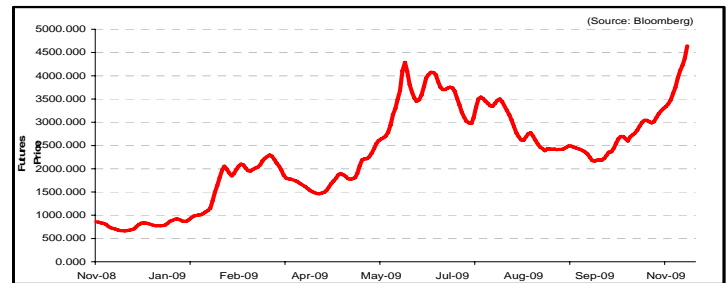


Description: The CBOE Volatility Index (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

Crude Oil Futures Curve



Baltic Dry Index



Currency Forward Prices

CAD/USD Forward Prices

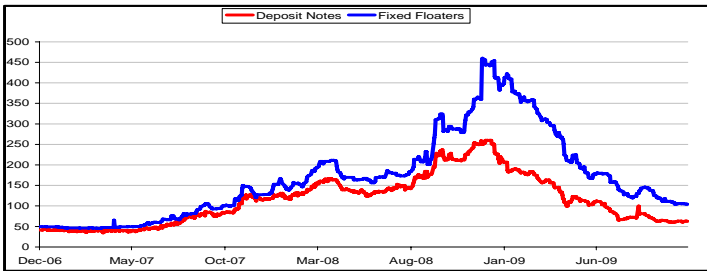
Contract	Forward Price
Spot	1.0639
1 Month	1.0639
2 Month	1.0639
3 Month	1.0639
6 Month	1.0641
12 Month	1.0654

CAD/EUR Forward Prices

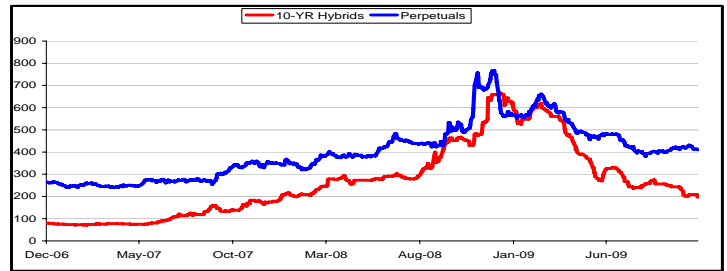
Contract	Forward Price
Spot	1.5872
1 Month	1.5869
2 Month	1.5865
3 Month	1.5861
6 Month	1.5853
12 Month	1.5840

Bank Bond Spreads

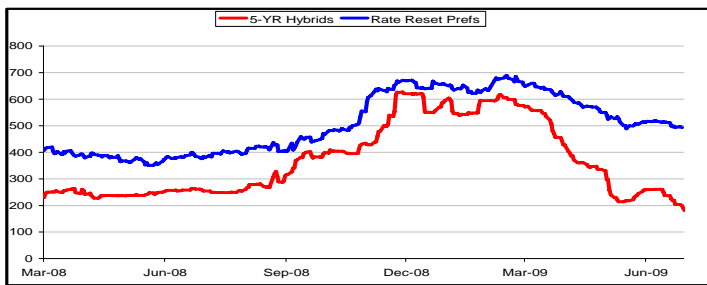
Deposit Notes and Fixed Floaters



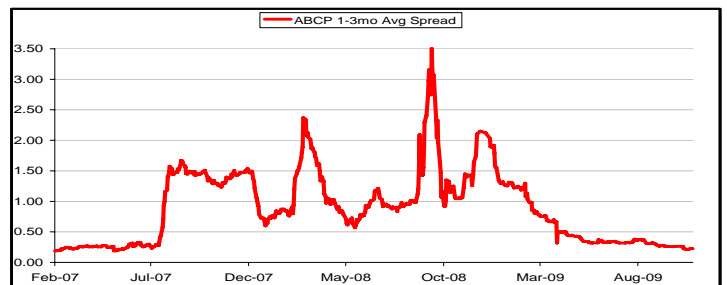
Hybrids & Perpetuals



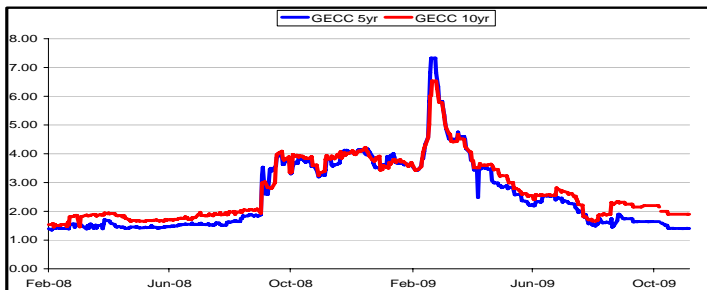
5 Year Hybrids and Rate Reset Prefs



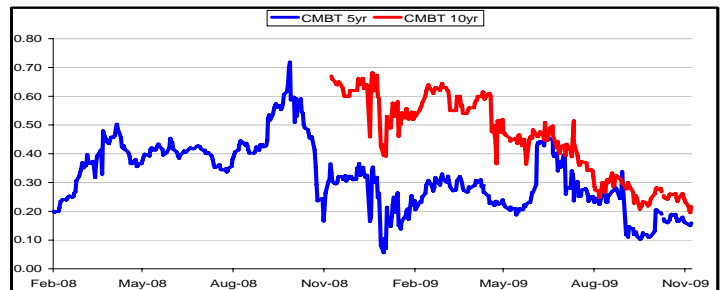
Asset Backed Commercial Paper



GECC

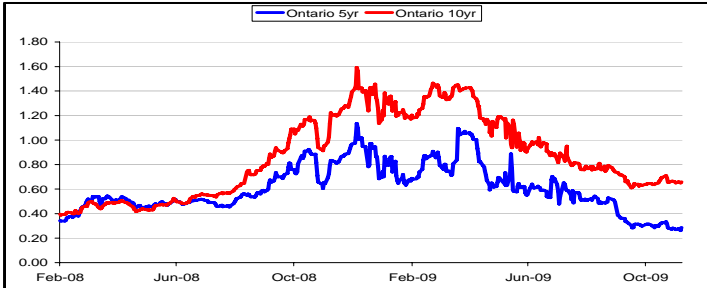


Federal Government Agency Spreads

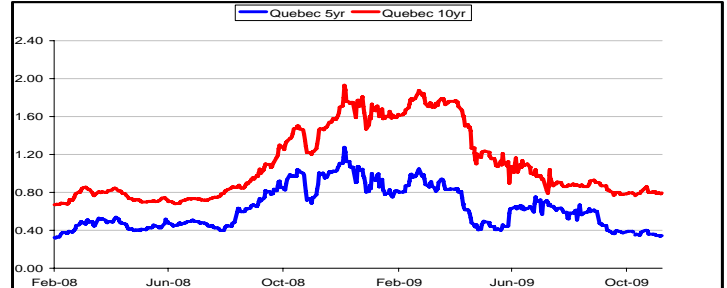


Provincial Spreads

Ontario 5yr - Ontario 10yr

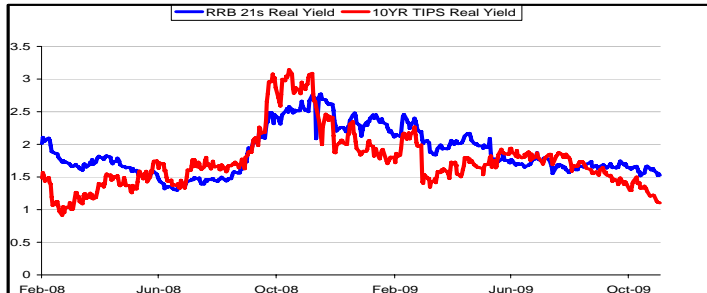


Quebec 5yr - Quebec 10yr

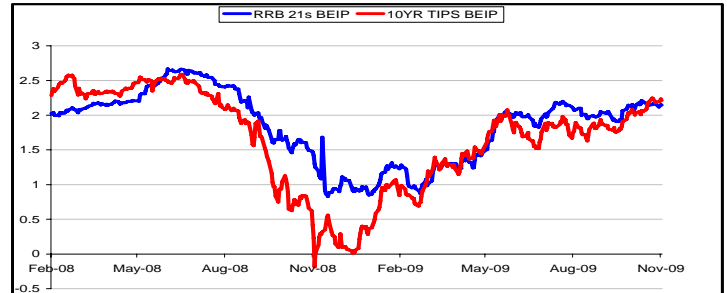


Inflation Protected Government Bonds

RRB 21s Real Yield - 10YR TIPS Real Yield



RRB 21s BEIP - 10YR TIPS BEIP



Real Return Bonds give the investor compensation for inflation. Since investors are compensated for inflation (an unknown value) nominal yields can not be quantified, therefore yields are given on a real basis.

The Break Even Inflation Point (BEIP) is the average rate of inflation over the remaining life of the RRB or TIPS that will result in the investor being indifferent between holding the RRB and the nominal bond equivalent of the same term on a before tax basis. If the average inflation is higher than the BEIP (when the investor bought it) the investor will realize a higher before tax return on the RRB than the nominal bond and vice versa.

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