



May 5, 2005

Index Comment

S&P/TSX Canadian Bond Index

See "Legal Disclaimer" section at the end of this report for important disclosures, including potential conflicts of interest

Preview of the June 1, 2005 Effects

Kenneth Kelly, 416-594-8238, kenneth.kelly@cibc.ca

- In the May 31 rebalancing, \$14.5 billion market value of bonds will drop out of the S&P/TSX Index, including about \$1.8 billion of GMAC and Ford Credit Canada paper.
- Abstracting from new issue activity, the May 31 rebalancing will generate a 0.124 of a year increase in the duration of the Broad Market composite Index. On June 1, the duration of the will extend a further 0.05 of a year due to the payment of \$5.4 billion of coupon interest, for a total increase of 0.18 years over the May 31 to June 1 period.
- As well, the weight of Short Term index will increase by 0.98% at the expense of 0.36% and 0.61% decreases in the weights of the Mid and Long Term indices respectively.
- Other notable effects include:
 - Duration of Mid Canada/Agency Sector increases by 0.54 of a year.
 - Duration of Long Canada/Agency Sector increases by 0.75 of a year.
 - Duration of Broad Corporate BBB Sector increases by 0.60 of a year.
 - Bonds dropping out of the Corporate BBB sector represent about 14% of the total Corporate BBB sector by market value.
- For a detailed presentation of the data, see Figures 1 to 4.

Figure 1: Overview of May 31 Rebalancing and June 1 Coupon Effects

S&P/TSX BROAD MARKET INDEX				
SECTOR	WEIGHT	CHANGE	DURATION	CHANGE
COMPOSITE	100.0	0.0	6.26	0.18
ALL GOVERNMENT	73.9	0.1	6.50	0.19
CANADA/AGENCIES	47.9	-0.5	5.82	0.22
ALL PROVINCIALS	24.0	0.5	7.78	0.09
MUNICIPALS	2.1	0.1	7.49	0.03
ALL CORPORATES	26.1	-0.1	5.57	0.15
CORPORATE AAA	3.7	0.1	3.59	0.02
CORPORATE AA	3.3	0.1	5.17	0.01
CORPORATE A	15.0	0.3	6.18	0.07
CORPORATE BBB	4.2	-0.6	5.40	0.60

S&P/TSX COMPOSITE INDICES				
INDEX	WEIGHT IN BROAD	CHANGE	DURATION	CHANGE
BROAD MARKET	100.0	0.00	6.26	0.18
SHORT TERM	45.5	0.98	2.78	0.18
MID TERM	27.2	-0.36	5.97	0.27
LONG TERM	27.4	-0.61	12.31	0.33

Maurice Smith, CFA, 416-594-8076

Kenneth Kelly, CFA, 416-594-8238

Jonathan O'Keefe, 416-594-7388

Joanna Zapior, CFA, 416-594-8498

Source for all data in this report: CIBC World Markets and S&P/TSX Canadian Bond Index.

Rollout Effects

The May/June rebalancing generates significant compositional effects due to bonds rolling out of the Broad Market Index and between the various sub-indices.

- \$14.5 billion of bonds with a projected market value of \$14.9 billion will drop out of the Broad market index.
- A projected \$13.5 billion market value of bonds will roll from the Mid to the Short Term Index, while \$7.5 billion will roll from the Long to the Mid Index.
- The Canada/Agency sector will experience the largest rolls.
- \$4.2 billion market value of Corporate BBB bonds will drop out of the Broad Index. This represents about 14% of the total market value of Corporate BBB bonds in the Broad Market Index.
- Bonds rolling between indices and out of the Broad index are presented in Figure 3.

Figure 2: Rollouts By Sector

ROLLING OUT OF BROAD INDEX		
SECTOR	PAR AMOUNT	MARKET VALUE
CANADA/AGENCIES	8,024,665,000.00	8,165,069,414
ALL PROVINCIALS	1,176,680,000.00	1,251,629,261
CORPORATE AAA	200,000,000.00	202,786,697
CORPORATE A	994,376,000.00	1,031,311,773
CORPORATE BBB	4,135,000,000.00	4,226,218,790
TOTAL	14,530,721,000.00	14,877,015,935

ROLLING FROM MID TO SHORT INDEX		
SECTOR	PAR AMOUNT	MARKET VALUE
CANADA/AGENCIES	10,654,043,000.00	11,903,685,318
ALL PROVINCIALS	500,000,000.00	505,409,339
CORPORATE AA	200,000,000.00	207,512,747
CORPORATE A	300,000,000.00	342,438,571
CORPORATE BBB	487,500,000.00	575,669,386
TOTAL	12,141,543,000.00	13,534,715,361

ROLLING FROM LONG TO MID INDEX		
SECTOR	PAR AMOUNT	MARKET VALUE
CANADA/AGENCIES	5,562,106,299.00	6,020,485,529
ALL PROVINCIALS	284,511,000.00	354,297,059
MUNICIPALS	750,000,000.00	794,295,475
CORPORATE A	350,000,000.00	356,498,173
TOTAL	6,946,617,299.00	7,525,576,235

Methodology

- Data in this report were generated using the S&P/TSX Canadian Bond Index as at May 4, 2005. Market values and risk statistics were projected forward to May 31, and then to June 1 by re-calculating holding yields constant.
- Rollout effects account for bonds rolling out of the Broad Market Index and between the short, Mid and Long Indices due to maturity constraints. As well, GMAC and Ford Credit Canada issues were dropped due to the recent downgrading of these issuers to non-investment grade.

Figure 3: Rollouts By Bond and Sector

BONDS ROLLING OUT OF THE BROAD MARKET INDEX				
CUSIP	Issue	Par	MktVal	Sector
317385AC6	FINANCEMENT QUEBEC 6.3% 6/1/2006	926,680,000.00	986,503,244.05	ALL PROVINCIALS
803854HK7	SASKATCHEWAN 6% 6/1/2006	250,000,000.00	265,126,016.62	ALL PROVINCIALS
302150CZ8	EXPORT DEVELOPMENT CORP 5% 5/4/2006	499,000,000.00	510,834,933.14	CANADA/AGENCIES
135087XU3	CANADA 3% 6/1/2006	7,525,665,000.00	7,654,234,480.83	CANADA/AGENCIES
44191ZBK4	HOUSEHOLD FINANCIAL 3.8% 5/8/2006	200,000,000.00	201,990,145.92	CORPORATE A
063671BK6	BANK OF MTL 8.15% 5/9/2006	300,000,000.00	315,699,135.26	CORPORATE A
743951AA3	PROVIGO 8.7% 5/23/2006	125,000,000.00	131,932,390.09	CORPORATE A
46618VAC2	JJH EQUIP TRUST 6.629% 5/25/2006	201,000,000.00	207,816,171.47	CORPORATE A
44880ZAG0	HYDRO ONE INC. 4.2% 6/1/2006	168,376,000.00	173,873,930.76	CORPORATE A
135453AC2	CDN CAP AUTO REC 4.273% 5/17/2006	200,000,000.00	202,786,696.89	CORPORATE AAA
23383ZAL5	DAIMLER CHRYSLER CAN FIN 7.2% 5/3/2006	100,000,000.00	103,724,769.27	CORPORATE BBB
88079ZAA1	TERASEN INC 4.85% 5/8/2006	100,000,000.00	101,964,563.46	CORPORATE BBB
23383ZAR2	DAIMLER CHRYSLER CAN FIN 5% 5/29/2006	300,000,000.00	304,028,783.91	CORPORATE BBB
51925DAX4	LAURENTIAN BANK 6.5% 6/1/2006	149,000,000.00	158,278,737.78	CORPORATE BBB
87971MAD5	TELUS CORPORATION 7.5% 6/1/2006	1,600,000,000.00	1,726,447,873.89	CORPORATE BBB
34527ZJF3	FORD CREDIT CANADA 5.8% 9/26/2006	500,000,000.00	504,423,862.14	CORPORATE BBB
34527ZUA1	FORD CREDIT CANADA 4% 1/8/2007	100,000,000.00	98,244,665.10	CORPORATE BBB
37046ZSE1	GMAC 4.35% 1/9/2007	50,000,000.00	48,874,672.22	CORPORATE BBB
37046Z7C8	GMAC 4.6% 2/16/2007	150,000,000.00	144,684,087.96	CORPORATE BBB
34527ZLZ6	FORD CREDIT CANADA 4.6% 2/20/2007	500,000,000.00	491,735,781.74	CORPORATE BBB
37046Z7P9	GMAC 4.6% 2/28/2007	100,000,000.00	96,989,871.54	CORPORATE BBB
37045ZBF7	GMAC 6.5% 3/22/2007	100,000,000.00	99,178,682.71	CORPORATE BBB
37046ZM98	GMAC 4.5% 8/13/2007	80,000,000.00	75,350,228.42	CORPORATE BBB
37046ZR93	GMAC 4.55% 9/17/2007	50,000,000.00	46,385,403.27	CORPORATE BBB
37046ZUP3	GMAC 4.55% 3/5/2008	50,000,000.00	45,505,900.00	CORPORATE BBB
37046ZU40	GMAC 5.05% 9/30/2008	50,000,000.00	44,789,617.36	CORPORATE BBB
37046ZL40	GMAC 5.45% 8/20/2009	65,000,000.00	56,904,207.37	CORPORATE BBB
37046ZQ45	GMAC 5.4% 9/24/2009	91,000,000.00	78,707,081.74	CORPORATE BBB
		14,530,721,000.00	14,877,015,934.89	

BONDS ROLLING FROM MID TO SHORT INDEX				
CUSIP	Issue	Par	MktVal	Sector
683234WX2	ONTARIO 4% 5/19/2010	500,000,000.00	505,229,255.91	ALL PROVINCIALS
135087WX8	CANADA 5.5% 6/1/2010	10,249,417,400.00	11,372,728,609.27	CANADA/AGENCIES
135087RS5	CANADA 9.5% 6/1/2010	404,625,600.00	530,746,956.34	CANADA/AGENCIES
53947ZAK3	LOBLAWS 7.1% 5/11/2010	300,000,000.00	342,446,763.84	CORPORATE A
94975ZAS5	WELLS FARGO & CO 4.35% 6/1/2010	200,000,000.00	207,495,447.71	CORPORATE AA
136681AD5	CANADIAN TIRE 12.1% 5/10/2010	102,500,000.00	139,122,193.62	CORPORATE BBB
81234ZAA8	SEARS CANADA INC 7.45% 5/10/2010	200,000,000.00	219,483,535.22	CORPORATE BBB
90664ZAB6	UNION GAS 7.2% 6/1/2010	185,000,000.00	217,087,229.85	CORPORATE BBB
		12,141,543,000.00	13,534,339,991.74	

BONDS ROLLING FROM MID TO SHORT INDEX				
CUSIP	Issue	Par	MktVal	Sector
642866EF0	NEW BRUNSWICK 8.75% 5/12/2015	184,511,000.00	247,861,513.24	ALL PROVINCIALS
01285PAA6	ATLA CAP FIN AUTHORITY 4.9% 6/1/2015	100,000,000.00	106,435,545.65	ALL PROVINCIALS
135087TU8	CANADA 11.25% 6/1/2015	340,196,299.00	555,972,047.28	CANADA/AGENCIES
135087XX7	CANADA 4.5% 6/1/2015	5,221,910,000.00	5,464,513,481.43	CANADA/AGENCIES
39191ZAL3	GREATER TORONTO AIRPORT 5% 6/1/2015	350,000,000.00	356,498,172.74	CORPORATE A
975026EP6	WINNIPEG 9.125% 5/12/2015	100,000,000.00	135,822,010.98	MUNICIPALS
683254AA4	ONT STRAT INFRASTR FIN AU 4.6% 6/1/2015	650,000,000.00	658,473,464.16	MUNICIPALS
		6,946,617,299.00	7,525,576,235.50	

Figure 4: Characteristics of Short, Mid and Long Term Indices

S&P/TSX SHORT TERM INDEX					
Sector	WEIGHT	CHANGE	DURATION	CHANGE	
COMPOSITE	100.0	0.0	2.78	0.18	
ALL GOVERNMENT	72.3	1.3	2.79	0.20	
CANADA/AGENCIES	57.6	1.5	2.79	0.23	
ALL PROVINCIALS	13.9	-0.2	2.77	0.10	
MUNICIPALS	0.8	0.0	2.74	0.02	
ALL CORPORATES	27.7	-1.3	2.77	0.13	
CORPORATE AAA	6.1	0.0	2.74	0.02	
CORPORATE AA	4.2	0.1	2.94	0.03	
CORPORATE A	13.0	-0.1	2.79	0.07	
CORPORATE BBB	4.4	-1.3	2.59	0.41	

S&P/TSX MID TERM INDEX					
Sector	WEIGHT	CHANGE	DURATION	CHANGE	
COMPOSITE	100.0	0.0	5.97	0.27	
ALL GOVERNMENT	72.1	-0.8	6.04	0.35	
CANADA/AGENCIES	41.4	-2.4	6.12	0.54	
ALL PROVINCIALS	27.7	1.0	5.90	0.05	
MUNICIPALS	2.9	0.6	6.12	0.35	
ALL CORPORATES	27.9	0.8	5.82	0.06	
CORPORATE AAA	3.3	0.1	6.20	0.00	
CORPORATE AA	3.2	0.0	6.04	0.06	
CORPORATE A	18.4	0.8	5.75	0.05	
CORPORATE BBB	3.0	-0.2	5.56	0.16	

S&P/TSX LONG TERM INDEX					
Sector	WEIGHT	CHANGE	DURATION	CHANGE	
COMPOSITE	100.0	0.0	12.31	0.33	
ALL GOVERNMENT	78.5	-0.9	12.61	0.42	
CANADA/AGENCIES	38.2	-2.3	13.09	0.75	
ALL PROVINCIALS	37.0	1.7	12.29	0.07	
MUNICIPALS	3.3	-0.3	10.63	0.39	
ALL CORPORATES	21.5	0.9	11.23	0.04	
CORPORATE AAA	0.0	0.0	0.00	0.00	
CORPORATE AA	1.8	0.1	12.16	0.05	
CORPORATE A	14.9	0.6	11.66	0.07	
CORPORATE BBB	4.9	0.3	9.55	0.00	

Potential Conflicts of Interest: Research analysts and economists employed by CIBC World Markets are compensated from revenues generated by various CIBC World Markets businesses, including the CIBC World Markets Investment Banking Department within the Corporate and Leveraged Finance Division. Research analysts do not receive compensation based upon revenues from specific investment banking transactions. CIBC World Markets generally prohibits any research analyst and any member of his or her household from executing trades in the securities of a company that such research analyst covers. Additionally, CIBC World Markets generally prohibits any research analyst from serving as an officer, director or advisory board member of a company that such analyst covers.

CIBC World Markets may have a long or a short position or deal as principal in the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon.

Legal Disclaimer: This report is issued and approved for distribution by (i) in Canada, CIBC World Markets Inc., a member of the Investment Dealers Association ("IDA"), the Toronto Stock Exchange, the TSX Venture Exchange and CIPF, (ii) in the United Kingdom, CIBC World Markets plc, which is regulated by the Financial Services Authority ("FSA"), and (iii) in Australia, CIBC World Markets Australia Limited, a member of the Australian Stock Exchange and regulated by the ASIC (collectively, "CIBC World Markets"). This report is distributed in the United States by CIBC World Markets Inc. and has not been reviewed or approved by CIBC World Markets Corp., a member of the New York Stock Exchange ("NYSE"), NASD and SIPC. This report is intended for distribution in the United States only to Major Institutional Investors (as such term is defined in SEC 15a-6 and Section 15 of the Securities Act of 1934, as amended) and is not intended for the use of any person or entity that is not a major institutional investor. Major Institutional Investors receiving this report should effect transactions in securities discussed in the report through CIBC World Markets Corp.

This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets in Canada, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. This document and any of the products and information contained herein are not intended for the use of private investors in the United Kingdom. Such investors will not be able to enter into agreements or purchase products mentioned herein from CIBC World Markets plc. The comments and views expressed in this document are meant for the general interests of clients of CIBC World Markets Australia Limited.

The securities mentioned in this report may not be suitable for all types of investors. This report does not take into account investment objectives, financial situation or specific needs of any particular client of CIBC World Markets. Recipients should consider this report as only a single factor in making an investment decision and should not rely solely on investment recommendations contained herein as a substitution for independent judgment of the merits and risks of investments. Before making an investment decision with respect to any security recommended in this report, the recipient should consider whether such recommendation is appropriate given the recipient's particular investment needs, objectives and financial circumstances. CIBC World Markets suggests that, prior to acting on any of the recommendations herein, Canadian retail clients of CIBC World Markets contact one of our client advisers in your jurisdiction to discuss your particular circumstances. Non-client recipients of this report who are not institutional investor clients of CIBC World Markets should consult with an independent financial advisor prior to making any investment decision based on this report or for any necessary explanation of its contents. CIBC World Markets will not treat non-client recipients as its clients by virtue of their receiving this report.

Past performance is not a guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this report. The price of the securities mentioned in this report and the income they produce may fluctuate and/or be adversely affected by exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. CIBC World Markets accepts no liability for any loss arising from the use of information contained in this report, except to the extent that liability may arise under specific statutes or regulations applicable to CIBC World Markets.

Information, opinions and statistical data contained in this report were obtained or derived from sources believed to be reliable. CIBC World Markets does not represent that such information, opinion or statistical data is accurate or complete (with the exception of information contained in the Important Disclosures section of this report provided by CIBC World Markets or individual research analysts). They should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this report and are subject to change without notice.

Nothing in this report constitutes legal, accounting or tax advice. Since levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as tax advice on the tax consequences of investments. As with any investment having potential tax implications, clients should consult with their own independent tax adviser.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC World Markets has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

Although each company issuing this report is a wholly owned subsidiary of Canadian Imperial Bank of Commerce ("CIBC"), each is solely responsible for its contractual obligations and commitments, and any securities products offered or recommended to or purchased or sold in any client accounts (i) will not be insured by the Federal Deposit Insurance Corporation ("FDIC"), the Canada Deposit Insurance Corporation or other similar deposit insurance, (ii) will not be deposits or other obligations of CIBC, (iii) will not be endorsed or guaranteed by CIBC, and (iv) will be subject to investment risks, including possible loss of the principal invested. The CIBC trademark is used under license.

© 2005 CIBC World Markets Inc. All rights reserved. Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets is prohibited by law and may result in prosecution.