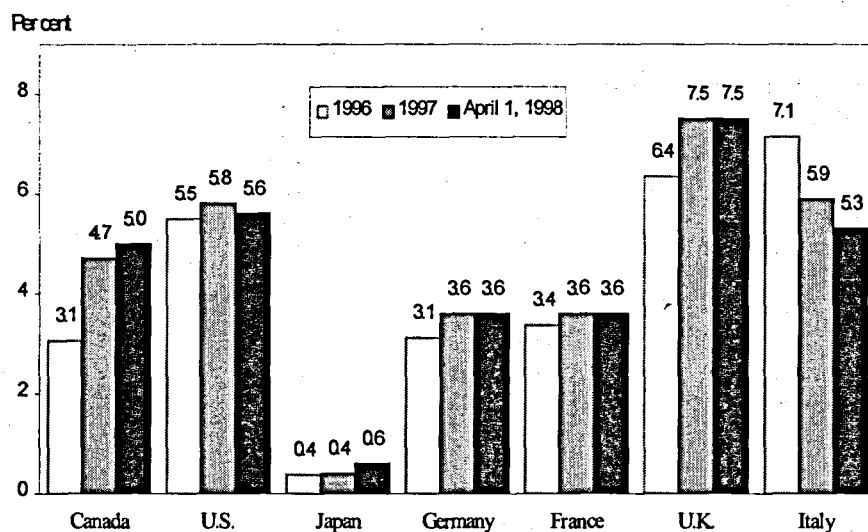


CHART 7

SHORT-TERM INTEREST RATES 1996 TO APRIL 1998

After easing considerably in 1996, Canadian short-term interest rates moved up in 1997, but remained well-below the recent peaks of early 1995. Canadian short-term rates have remained below U.S. rates since March 1996. This marks the longest continuous period in more than 20 years that Canadian short-term rates have remained below U.S. rates. Canadian interest rates are now below U.S. rates across the maturity spectrum.

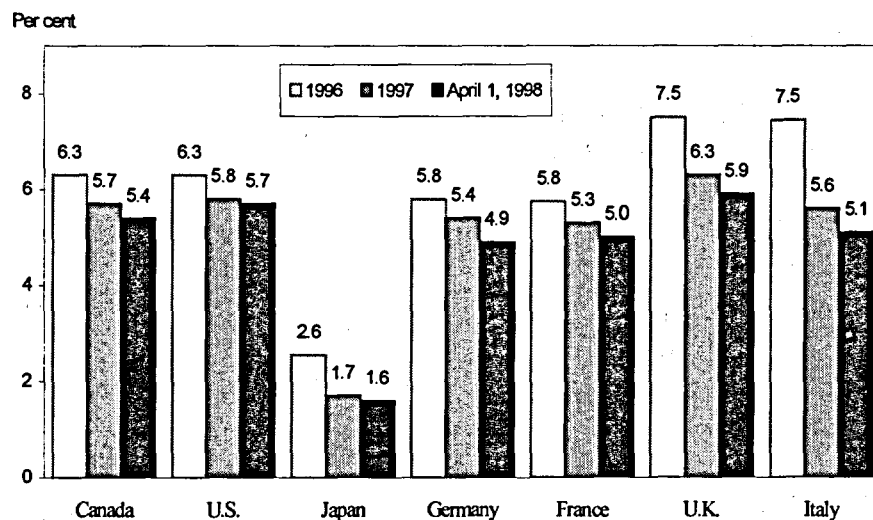


Note: End-of-period levels for ninety-day Euro-rates.
Source: The WEFA Group.

CHART 8

LONG-TERM INTEREST RATES 1996 TO APRIL 1998

Efforts to reduce government deficits and debt, combined with a credible commitment to price stability, have been important in bringing down interest rates throughout the G-7. Canada has made significant progress in this regard, with long-term rates falling more than 400 basis points from their early-1995 peak. Despite financial market volatility reflecting the Asian crisis, Canadian long-term rates have continued a downward trend, falling about 100 basis points since mid-1997.



Note: End-of-period levels for 10-year government bond yields.
Source: The WEFA Group.