

Today's Commentary

A bull charged through the equity markets yesterday, led by the positive outlook provided by the Fed's stress testing. Stocks rose dramatically and treasuries fell in a mass risk on, with JP Morgan's share pricing gaining over 7% after showing stellar results in the Fed's report. The Dow gained 1.68% to reach its highest level since 2007, closing at 13,177. The S&P 500, one of the main indicators of the health of the American economy, gained 1.81% on Tuesday. Yield rates on 10 year treasuries rallied for a fifth straight day, reaching 2.13%. The situation was positive north of the border as well, with the S&P/TSX gaining 0.88% on the day. Every sector advanced in the Canadian index except for Materials, which fell by 0.38%. Oil prices rose again yesterday in anticipation of an increasing demand as the economy continues to take forward strides.

The Federal Reserve performed stress tests on several major banks to determine how they will perform in the event of a major financial downturn. The results were generally positive: 15 of the 19 banks have a capital structure that could handle extreme economic conditions, including a 13% unemployment rate, 50% drop in equity markets and a 21% decline in housing markets. JP Morgan, in one of the healthiest positions, raised their dividends by 20% and decided to buy back up to \$15 billion worth of their stock by year end. Wells Fargo passed the test with flying colours, and consequently decided to increase their first quarter dividend by 10 cents, or 83%. Suntrust, MetLife, Citigroup and Ally Financial were the four institutions to fail the test. Citigroup's stock fell over 3% as a result.

The US has widened its current-account deficit in the fourth quarter of 2011. The trade imbalance stood at \$124.1 billion, the largest deficit in three years for the US, and up 15% from the revised \$107.6 billion deficit in Q3 2011. Analysts were expecting a growth in the current-account deficit, but today's number is almost \$10 billion higher than expected. The widening deficit is due to the strengthening US economy. As more jobs continue to be created south of the border, the consumer demand for goods increases and imports increase to match demand. The total current-account gap grew from \$470.9 billion in 2010 to \$473.4 billion in 2011, equivalent to 3.1% of US gross domestic product. This release comes one day after the FOMC maintained its target lending rate of 0.25% on signs of a strengthening economy.

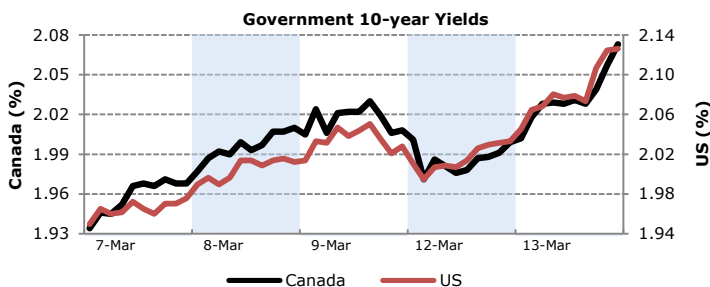
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

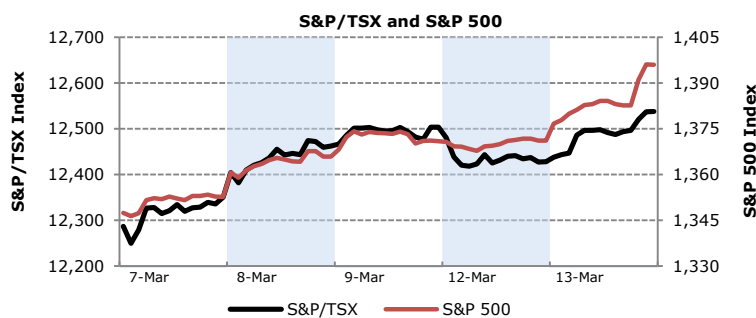
United States	Period	Survey	Actual	Prior
MBA Mortgage Applications	9-Mar	--	-2.4%	-1.2%

Canada	Period	Survey	Actual	Prior
None Scheduled				

Interest Rates

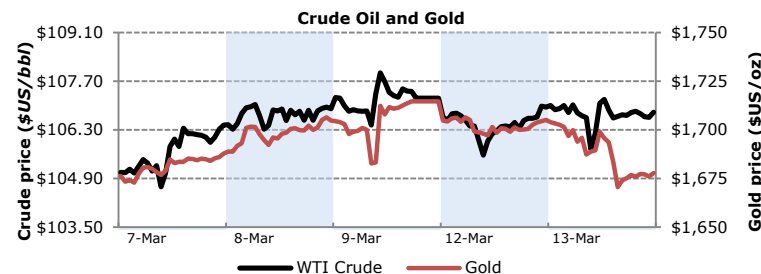


Equities



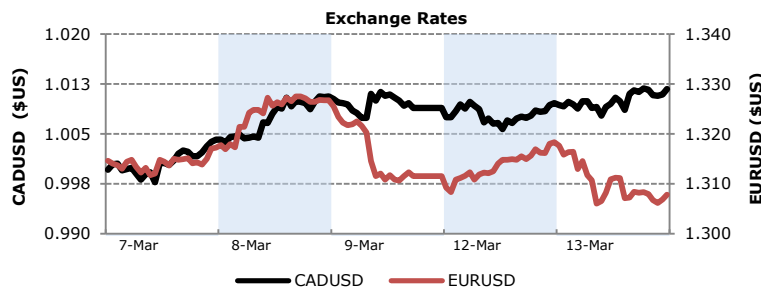
	13-Mar	day Δ	%Δ	5-day	1-mnth
S&P/TSX	12,537.69	109.68	+0.88%	+1.94%	+1.12%
S&P 500	1,395.95	24.86	+1.81%	+3.91%	+3.27%
DJIA	13,177.68	217.97	+1.68%	+3.28%	+2.36%

Commodities



	13-Mar	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$106.71	0.37	+0.35%	+1.92%	+8.15%
Nat Gas (\$US/Bcf)	\$2.30	0.03	+1.32%	-2.42%	-7.19%
Gold (\$US/oz)	\$1,674	-27.22	-1.60%	-0.01%	-2.78%
Copper (\$US/lb)	\$3.90	0.065	+1.70%	+4.44%	+0.89%

Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	13-Mar	day Δ	-5 days	-1 mnth	-1 year
USDCAD	\$0.989		-0.004	1.002	1.000	0.986
EURUSD	\$1.308		-0.007	1.311	1.319	1.400
USDJPY	¥82.94		+0.710	80.890	77.57	80.72
AUDUSD	\$1.055		+0.004	1.055	1.073	0.991

Master of Financial Economics Program



The Master of Financial Economics Program at the University of Toronto is a collaborative program of the Department of Economics and the Rotman School of Management. The program's key objective is to provide a broad understanding of Financial Theory and the Economics framework upon which that theory is based. Students follow a three-term, 16-month program, with 12 one-term courses and a four-month summer internship. For more information on the program and its students please see the website below.

<http://www.economics.utoronto.ca/index.php/index/mfe/>

Rotman Finance Association



The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

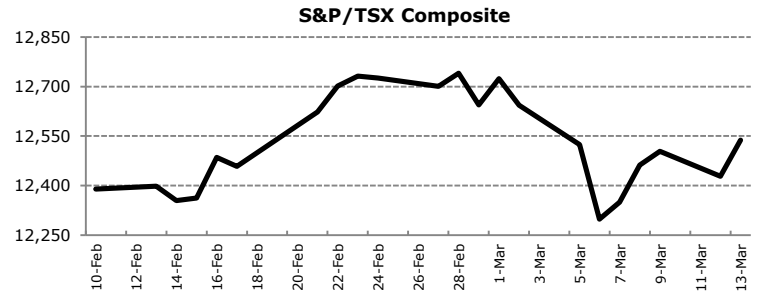
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	13-Mar	day Δ	%Δ
S&P/TSX	12,537.69	109.68	+0.88%
Trailing S&P/TSX TSX 60			
5-day		+1.94%	+1.76%
1-month		+1.12%	+1.06%
3-months		+6.61%	+6.52%
6-months		+2.72%	+2.55%
12-months		-8.31%	-9.64%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.98%	+2.84%	+5.86%	-5.89%
C. Staples	+1.22%	+6.25%	+6.92%	+8.70%
Energy	+1.31%	+1.52%	-0.64%	-18.21%
Financials	+1.51%	+2.79%	+3.95%	-5.96%
Healthcare	+0.82%	+0.78%	+8.28%	+18.34%
Info Tech	+1.96%	+4.29%	-1.03%	-22.55%
Industrials	+1.34%	+3.47%	-2.46%	-0.75%
Materials	-0.38%	+0.02%	-3.30%	-14.80%
Metals & Mining	+2.39%	+3.63%	-4.02%	-17.12%
Telecom	+0.07%	+1.15%	+3.13%	+15.86%
Utilities	+0.49%	+1.62%	+2.52%	+8.36%

TSX Top Performers

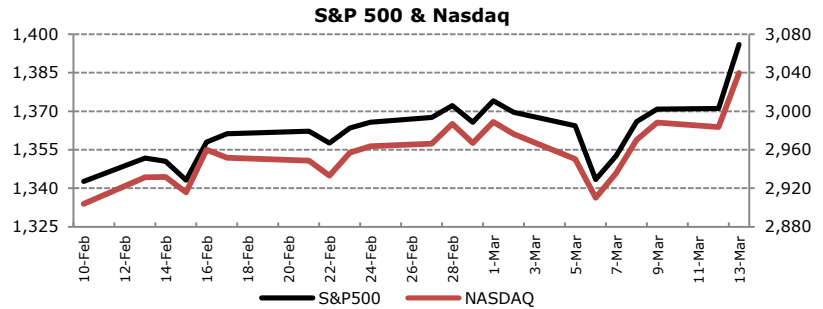
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Denison Mines Corp	+10.67%	+1.84%	-8.29%	-33.06%
Celestica Inc	+6.04%	+10.50%	+14.81%	-6.28%
Transglobe Energy Corp	+4.51%	+7.12%	+17.12%	-8.16%
Linamar Corp	+4.45%	+9.62%	+10.28%	+0.33%
Uranium One Inc	+4.10%	+11.11%	+19.57%	-23.43%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Guyana Goldfields Inc	-7.66%	-15.37%	-43.90%	-54.21%
Semafo Inc	-4.52%	-2.06%	-10.08%	-32.93%
Kinross Gold Corp	-3.88%	-1.52%	-3.61%	-29.26%
Lake Shore Gold Corp	-3.70%	-0.76%	-15.58%	-68.37%
Avion Gold Corp	-3.29%	-3.92%	-0.68%	-0.68%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
13-Mar	1,395.95	13,177.68	3,039.88
1-day	+1.81%	+1.68%	+1.88%
5-day	+3.91%	+3.28%	+4.45%
1-month	+3.27%	+2.36%	+3.70%
3-months	+13.89%	+10.23%	+17.86%
6-months	+19.02%	+18.66%	+20.05%
12-months	+7.03%	+9.41%	+11.94%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+1.53%	+3.87%	+4.18%	+14.33%
C. Staples	+0.55%	+2.09%	+3.00%	+13.34%
Energy	+1.27%	+1.98%	+1.60%	-0.07%
Financials	+3.92%	+6.81%	+4.83%	-6.80%
Healthcare	+1.39%	+3.36%	+2.27%	+13.09%
Info Tech	+2.04%	+4.45%	+5.42%	+16.76%
Industrials	+2.07%	+4.84%	+0.72%	+2.40%
Materials	+1.69%	+3.17%	-0.40%	-0.65%
Telecom	+0.61%	+2.83%	+4.71%	+6.01%
Utilities	+0.19%	+2.10%	+2.14%	+9.68%

DJIA Top Performers

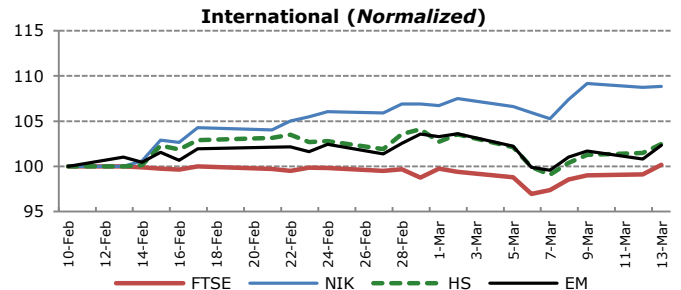
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Jpmorgan Chase & Co	+7.03%	+10.35%	+15.37%	-1.55%
Bank Of America Corp	+6.26%	+10.12%	+5.33%	-40.02%
Alcoa Inc	+4.46%	+8.87%	+0.19%	-35.42%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Mcdonald'S Corp	+0.12%	-3.08%	-2.02%	+31.62%
Procter & Gamble Co/The	+0.28%	+1.59%	+6.29%	+14.33%
Johnson & Johnson	+0.35%	+1.52%	+2.02%	+14.48%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,955.91	9,899.08	21,339.70	1,066.54
1-day	+1.07%	+0.09%	+0.97%	+1.53%
5-day	+3.30%	+2.71%	+2.56%	+2.43%
1-month	+0.85%	+10.00%	+2.17%	+1.29%
3-months	+8.48%	+15.74%	+15.68%	+16.33%
6-months	+15.11%	+14.88%	+12.13%	+10.59%
12-months	+2.18%	-3.47%	-8.22%	-3.79%



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Nymex WTI Crude Oil

(\$US/Bbl)	13-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$106.71	+\$0.37	+0.35%	+1.92%	+8.15%
Cal 12	\$108.21	+\$0.46	+0.42%	+2.08%	+8.18%
Cal 13	\$106.75	+\$0.66	+0.62%	+2.49%	+7.85%

(\$US/bbl)	Q3-12	Q4-12	Q1-13	Q2-13	2013
Consensus Forecast	\$105.00	\$106.00	\$106.50	\$113.00	\$111.00
Current Forward	\$108.55	\$108.82	\$108.52	\$107.49	\$106.75

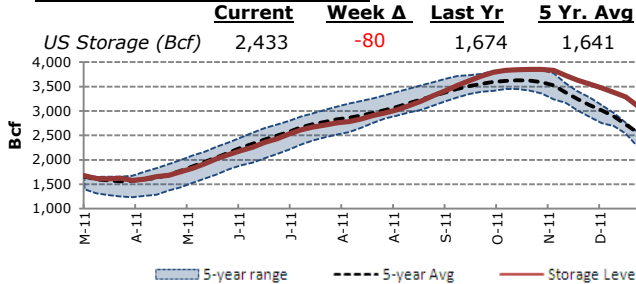
Inventory Levels (as of Mar-02)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	345,700	+832	337,426	319,411
Motor Gas	229,531	-396	214,389	200,481
Distillates	139,496	-1,944	171,756	140,851

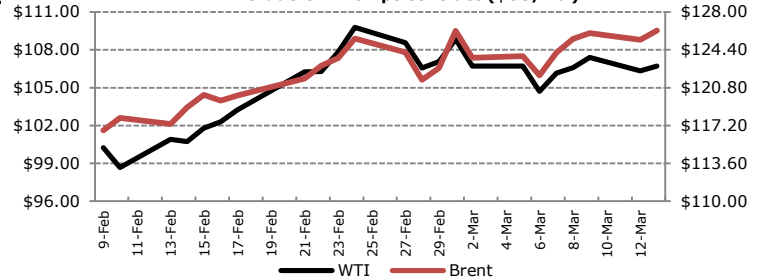
Nymex Natural Gas

(\$US/MMbtu)	13-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.30	+\$0.03	+1.32%	-2.42%	-7.19%
Apr12-Oct12	\$2.56	+\$0.04	+1.42%	-1.32%	-14.33%
Nov12-Mar13	\$3.28	+\$0.05	+1.56%	+1.21%	-6.86%
Apr13-Oct13	\$3.48	+\$0.05	+1.50%	+1.43%	-4.31%
Nov13-Mar14	\$3.88	+\$0.05	+1.31%	+1.28%	-3.31%

Inventory Levels (as of Mar-02)



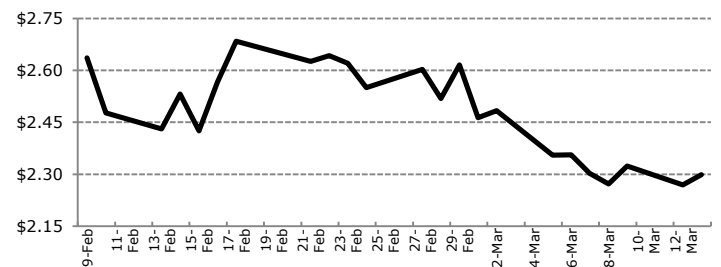
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	13-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$126.22	+\$0.88	+0.70%	+3.48%	+7.03%

Nat Gas Prompt (\$US/MMbtu)

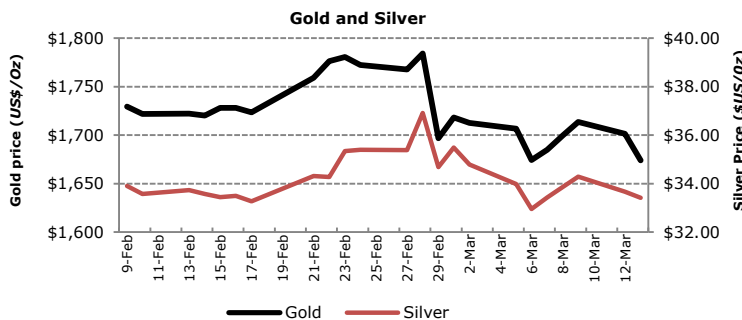


Alberta Natural Gas

(\$CAD/GJ)	13-Mar	day Δ	%Δ
AECO Apr-12	\$1.77	+\$0.09	+5.4%

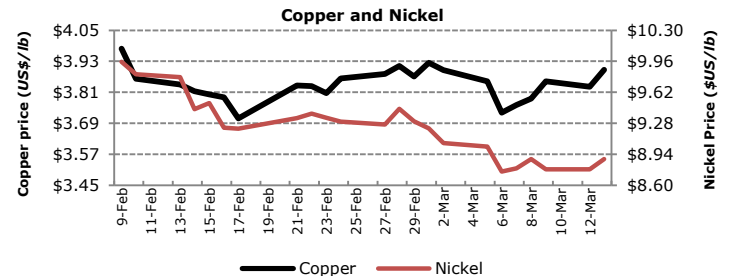
Precious Metals

\$US/oz	13-Mar	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,674.10	-\$27.22	-1.6%	-0.0%	-2.8%	+6.4%
Silver	\$33.41	-\$0.25	-0.7%	+1.4%	-0.5%	+15.6%
Platinum	\$1,689	-\$6.13	-0.4%	+4.6%	+1.8%	+18.8%



Industrial Metals

\$US/lb	13-Mar	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.90	+\$0.06	+1.7%	+4.4%	+0.9%	+19.1%
Nickel	\$8.89	+\$0.11	+1.3%	+1.6%	-9.5%	+6.0%
Zinc	\$1.00	+\$0.00	0.0%	+0.9%	-3.7%	+7.9%
Aluminum	\$0.98	-\$0.01	-1.0%	-2.0%	-3.0%	+8.9%
Uranium	\$50.90	+\$0.00	0.0%	-1.2%	-2.4%	-3.5%



Agriculture & Other

	13-Mar	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$6.62	+\$0.03	+0.4%	+1.2%	+4.2%
Wheat (\$US/bu)	\$6.49	-\$0.02	-0.3%	-1.3%	+1.7%
Soybeans (\$US/bu)	\$13.49	+\$0.14	+1.1%	+1.0%	+9.0%
Rough Rice (\$US/cwt)	\$14.34	-\$0.01	-0.1%	+0.6%	+2.5%
Sugar #11 (¢US/lb)	¢24.13	+¢0.36	+1.5%	+0.3%	+1.4%
Lean Hogs (¢US/lb)	¢95.03	+¢0.15	+0.2%	-0.9%	-2.9%
Live Cattle (¢US/lb)	¢124.80	+¢0.90	+0.7%	+0.8%	-0.9%
Cotton No.2 (\$US/lb)	\$0.88	+\$0.00	+0.0%	-3.7%	-4.4%
Lumber (\$US/Mbft)	\$272.90	+\$2.40	+0.9%	-0.9%	-0.9%

Commodity ETFs

\$CAD	13-Mar	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$7.16	+\$0.05	+0.7%	+3.3%	+14.7%
HBP Nat Gas U	\$3.37	+\$0.20	+6.4%	-1.7%	-24.9%
HBP Comex Gold	\$16.82	-\$0.32	-1.9%	-0.5%	-3.3%

\$USD	13-Mar	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$40.83	+\$0.13	+0.3%	+1.7%	+7.4%
US Nat Gas	\$18.48	+\$0.58	+3.2%	-1.0%	-12.3%
PSDB Agriculture	\$28.61	+\$0.09	+0.3%	-0.1%	+0.0%
PSDB Base Metals	\$21.07	+\$0.35	+1.7%	+3.6%	+1.0%

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Interest Rates

	Current	Prior	Δ	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	-	17-Apr-12	1.00%
US Fed Funds	0.25%	0.25%	-	24-Apr-12	0.25%

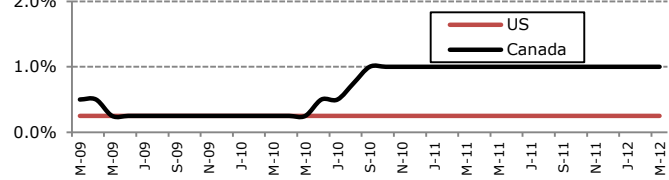
Canadian yield curve

	13-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	+0.02%	0.89%	0.82%	0.94%
6-mnth	1.00%	+0.03%	0.94%	0.87%	1.05%
12-mnth	1.08%	+0.00%	1.02%	0.86%	1.33%
2-year	1.21%	+0.04%	1.07%	0.87%	1.67%
5-year	1.56%	+0.07%	1.41%	1.25%	2.59%
10-year	2.07%	+0.07%	2.05%	1.96%	3.23%
20-year	2.62%	+0.06%	2.61%	2.55%	3.77%
30-year	2.64%	+0.06%	2.62%	2.54%	3.74%

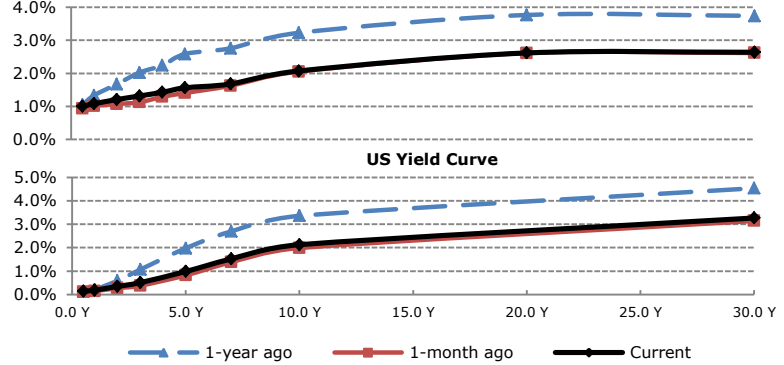
US yield curve

	13-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.08%	+0.00%	0.08%	-0.01%	0.07%
6-mnth	0.14%	+0.01%	0.12%	0.05%	0.13%
12-mnth	0.19%	+0.01%	0.15%	0.11%	0.21%
2-year	0.35%	+0.02%	0.27%	0.24%	0.59%
5-year	0.98%	+0.08%	0.82%	0.85%	1.98%
10-year	2.13%	+0.09%	1.99%	1.90%	3.36%
30-year	3.27%	+0.10%	3.14%	2.90%	4.53%

Cdn Overnight Rate & US Fed Funds Target



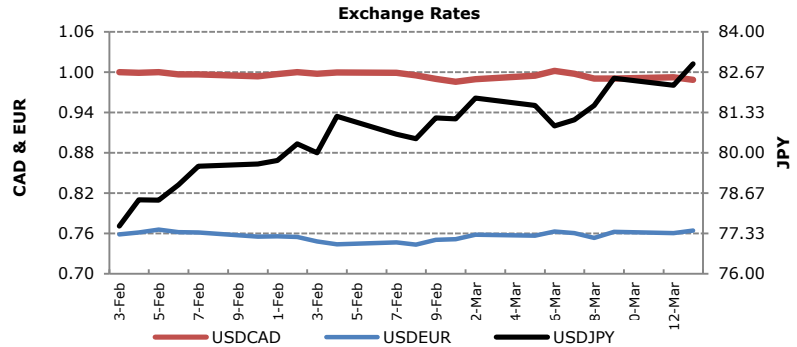
Canadian Yield Curve



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	13-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
Spot					
USDCAD	\$0.989	-0.004	1.000	1.017	0.986
EURUSD	\$1.308	-0.007	1.319	1.339	1.400
USDJPY	¥82.94	+0.710	77.57	77.65	80.72
GBPUSD	\$1.571	+0.006	1.577	1.567	1.608
AUDUSD	\$1.055	+0.004	1.073	1.022	0.991
CADJPY	¥83.90	+1.044	77.59	76.33	81.88
CADAUD	\$0.959	+0.000	0.932	0.962	1.024
EURJPY	¥108.53	+0.350	102.29	103.89	112.99
EURAUD	\$1.24	-0.011	1.23	1.31	1.41
Forecasts					
USDCAD	\$1.01	1.00	1.00	1.00	0.98
EURUSD	\$1.29	1.28	1.29	1.30	1.30
USDJPY	¥77.00	79.00	80.00	81.00	85.50



Economic Releases

United States

	Period	Survey	Actual	Prior
Tue, Mar 13	Advance Retail Sales	29-Feb	1.1%	0.4%
Wed, Mar 14	MBA Mortgage Applications	9-Mar	--	-1.2%
Thu, Mar 15	Continuing Claims	3-Mar	3407.5K	--
Thu, Mar 15	Initial Jobless Claims	10-Mar	357K	--
Thu, Mar 15	Producer Price Index (MoM)	29-Feb	0.5%	0.1%
Fri, Mar 16	Industrial Production	29-Feb	0.4%	0%
Fri, Mar 16	Consumer Price Index (MoM)	29-Feb	0.4%	0.2%

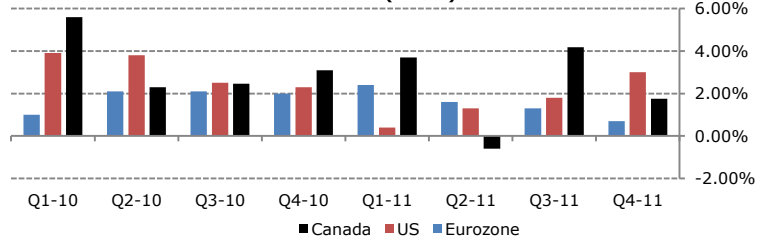
Canada

	Period	Survey	Actual	Prior
Fri, Mar 16	Manufacturing Sales (MoM)	31-Jan	0.2%	0.6%

Economics

	Q1-11	Q2-11	Q3-11	Q4-11	2012E
Canada					
Real GDP	3.70%	-0.60%	4.17%	1.75%	2.00%
CPI	2.60%	3.37%	3.00%	2.70%	1.90%
Unemployment	7.60%	7.40%	7.20%	7.50%	7.40%
US					
Real GDP	0.40%	1.30%	1.80%	3.00%	2.20%
CPI	2.13%	3.47%	3.77%	3.30%	2.05%
Unemployment	8.90%	9.10%	9.00%	8.50%	8.25%
China					
Real GDP	9.70%	9.50%	9.10%	8.90%	8.50%

Real GDP (YoY%)



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