

Today's Commentary

Despite a four year low for US jobless claims, North American equity markets were seeing red yesterday after European and Chinese manufacturing contracted. Both the Canadian and US Energy and Materials sectors were hit the hardest by the news. The S&P 500 fell 0.72%, its largest decline in the last two weeks, to close at 1,392.78. The S&P/TSX and Dow fared only slightly better as both indices declined 0.60% by the end of trading. Demand for commodities also cooled off yesterday as WTI crude, natural gas, gold, and copper all fell 1.79%, 3.86%, 0.27%, and 2.13%. Treasuries advanced for the third straight day as the US 10-year yield fell another 2 basis points yesterday to close at 2.28%, while the Canadian 10-year bond rate fell 4 basis points to 2.20%. The Canadian dollar closed the gap with the USD as the two reached parity yesterday. Canada's CPI for February was released this morning. Year-over-year CPI came in at 2.6%, beating the expected 2.7%, while the month-over-month number for February stayed at 0.4%.

New information has come out relating to the current bad-debt situation in China. Many of the defaulting borrowers that Chinese banks are dealing with are local and regional governments. In a report this morning, the country's banks were said to have misclassified as much as 20% of these outstanding government loans and underestimated the high level of risk involved. These loans account for approximately \$286 billion. Local governments are prohibited from borrowing directly from banks in China and bypass that law by setting up special financing companies. There are more than 6,000 of these financing companies in China and regulators are now starting to express concerns that if these loans are not repaid it could result in the country's third banking bailout in less than two decades.

US stock-index futures and European equity markets have extended the week's losses this morning. Investors are waiting for the release of US new-home sales at 10:00 am. The decline in US futures S&P 500 is indicating that the S&P 500 is on course to extend its largest weekly drop in four months. As Europe and China continue to show signs of a 2012 economic slowdown, investors are taking a risk-off approach in the United States, the world's largest economy.

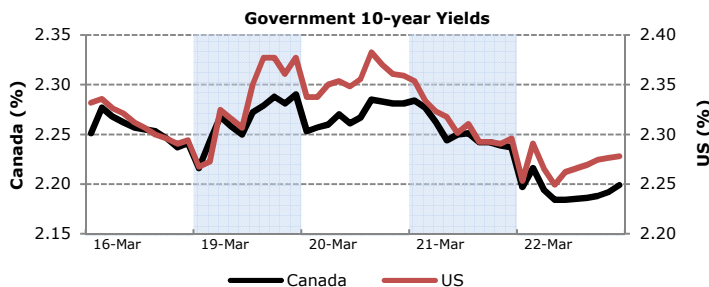
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

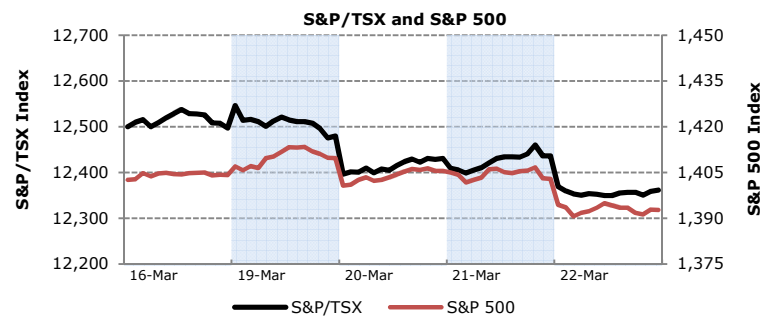
United States	Period	Survey	Actual	Prior
New Home Sales	31-Jan	325K	321K	307K

Canada	Period	Survey	Actual	Prior
BOC CPI Core (YoY)	29-Feb	2.2%	2.3%	2.1%
Consumer Price Index	29-Feb	2.7%	2.6%	2.5%

Interest Rates

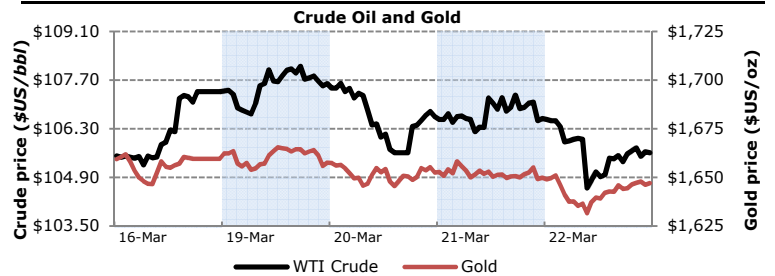


Equities



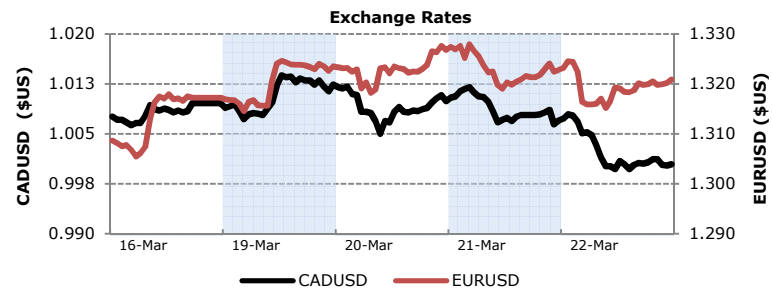
	22-Mar	day Δ	%Δ	5-day	1-mnth
S&P/TSX	12,361.81	-74.68	-0.60%	-0.75%	-2.67%
S&P 500	1,392.78	-10.11	-0.72%	-0.70%	+2.59%
DJIA	13,046.14	-78.48	-0.60%	-1.56%	+0.83%

Commodities



	22-Mar	day Δ	%Δ	5-day	1-mnth
Oil (\$US/Bbl)	\$105.35	-1.92	-1.79%	+0.23%	-0.88%
Nat Gas (\$US/Bcf)	\$2.27	-0.091	-3.86%	-0.44%	-14.15%
Gold (\$US/oz)	\$1,646	-4.53	-0.27%	-0.76%	-6.44%
Copper (\$US/lb)	\$3.77	-0.082	-2.13%	-3.20%	-1.80%

Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	22-Mar	day Δ	-5 days	-1 mnth	-1 year
USDCAD	\$0.999		+0.007	0.992	1.000	0.975
EURUSD	\$1.320		-0.002	1.308	1.325	1.418
USDJPY	¥82.54		-0.870	83.570	80.29	80.97
AUDUSD	\$1.039		-0.007	1.053	1.064	1.021

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.

<http://www.rotman.utoronto.ca/financeassociation>

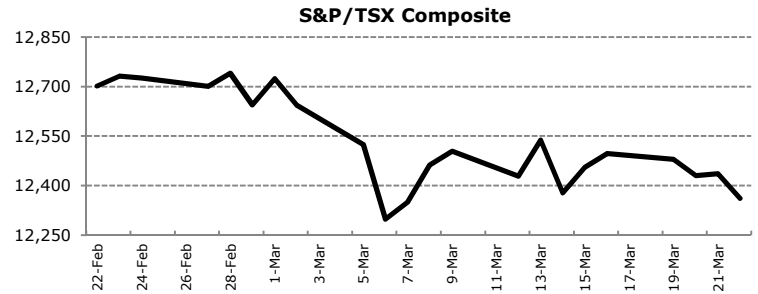
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	22-Mar	day Δ	%Δ
S&P/TSX	12,361.81	-74.68	-0.60%

	Trailing S&P/TSX	TSX 60
5-day	-0.75%	-0.30%
1-month	-2.67%	-2.39%
3-months	+4.09%	+4.46%
6-months	+6.91%	+7.40%
12-months	-11.70%	-12.54%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.17%	+1.87%	+4.76%	-5.79%
C. Staples	+0.71%	+1.15%	+6.78%	+9.15%
Energy	-2.01%	-2.05%	-8.09%	-25.73%
Financials	+0.12%	+0.06%	+4.77%	-5.56%
Healthcare	+0.17%	-1.56%	+6.25%	+14.10%
Info Tech	-0.38%	-0.31%	-1.56%	-24.05%
Industrials	-1.01%	-0.76%	-2.33%	-2.15%
Materials	-1.02%	-0.72%	-11.27%	-19.52%
Metals & Mining	-1.81%	-3.63%	-12.31%	-24.07%
Telecom	+0.20%	-0.32%	+0.60%	+12.13%
Utilities	-0.09%	-1.47%	-0.50%	+2.77%

TSX Top Performers

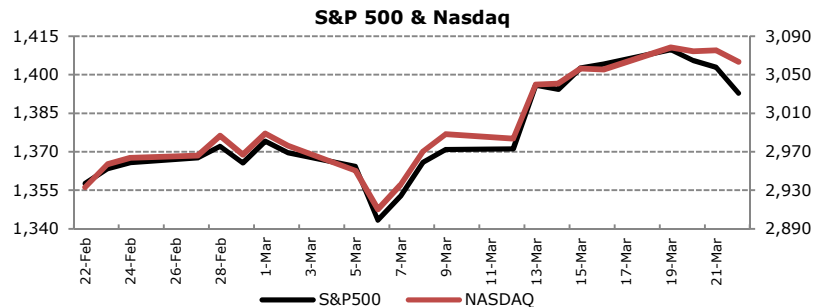
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Endeavour Silver Corp	+3.39%	+2.49%	-6.52%	-2.17%
Alacer Gold Corp	+3.26%	-0.35%	-5.84%	+0.35%
Industrial Alliance Insur	+2.80%	-3.76%	+16.77%	-26.06%
Harry Winston Diamond Cor	+2.56%	+6.61%	+11.25%	+1.09%
Ccl Industries Inc - CI B	+2.15%	+1.55%	+6.38%	+17.13%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Niko Resources Ltd	-14.90%	-19.95%	-22.08%	-62.47%
Avion Gold Corp	-12.41%	-9.77%	-20.00%	-29.82%
Trinidad Drilling Ltd	-6.55%	-10.01%	-11.23%	-23.81%
Banro Corporation	-5.80%	-9.90%	-2.78%	+75.00%
Guyana Goldfields Inc	-5.63%	-15.19%	-57.76%	-67.60%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
22-Mar	1,392.78	13,046.14	3,063.32
1-day	-0.72%	-0.60%	-0.39%
5-day	-0.70%	-1.56%	+0.23%
1-month	+2.59%	+0.83%	+4.44%
3-months	+11.07%	+7.20%	+17.84%
6-months	+23.30%	+21.54%	+24.74%
12-months	+7.65%	+8.55%	+14.14%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.22%	+0.17%	+4.58%	+17.91%
C. Staples	+0.16%	+0.29%	+3.08%	+14.69%
Energy	-2.08%	-2.81%	-4.44%	-6.53%
Financials	-1.38%	-0.57%	+7.08%	-4.12%
Healthcare	-0.27%	-0.88%	+1.80%	+13.42%
Info Tech	-0.28%	+0.31%	+5.59%	+20.56%
Industrials	-1.10%	-2.21%	-0.25%	+1.65%
Materials	-1.55%	-1.31%	-2.26%	-3.04%
Telecom	-0.46%	+0.13%	+3.95%	+6.29%
Utilities	+0.05%	-0.76%	-0.67%	+10.52%

DJIA Top Performers

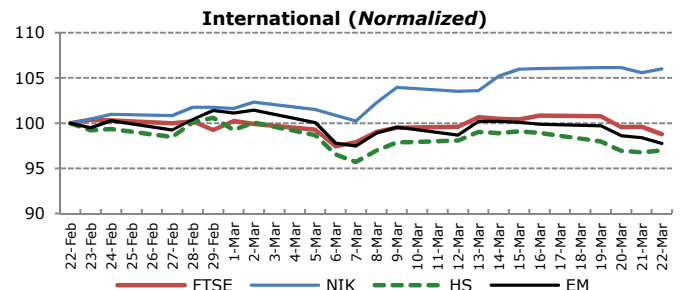
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Procter & Gamble Co/The	+0.48%	-0.24%	+4.02%	+10.85%
Intel Corp	+0.47%	+0.50%	+1.90%	+37.46%
Coca-Cola Co/The	+0.42%	+1.55%	+3.43%	+11.12%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Alcoa Inc	-2.43%	-3.19%	-1.28%	-40.88%
Chevron Corp	-2.37%	-4.25%	-1.23%	-0.12%
Caterpillar Inc	-2.35%	-6.18%	-6.59%	-0.30%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,845.65	10,127.08	20,901.56	1,040.58
1-day	-0.79%	+0.40%	+0.22%	-0.67%
5-day	-1.60%	+0.76%	-2.12%	-2.33%
1-month	-1.20%	+6.00%	-3.01%	-2.25%
3-months	+7.12%	+20.63%	+13.73%	+13.16%
6-months	+15.95%	+18.30%	+16.69%	+18.16%
12-months	+1.44%	+5.40%	-8.56%	-7.10%



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Nymex WTI Crude Oil

(\$US/Bbl)	22-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$105.35	-\$1.92	-1.79%	+0.23%	-0.88%
Cal 12	\$106.48	-\$1.82	-1.68%	-0.45%	+5.08%
Cal 13	\$105.24	-\$1.50	-1.41%	-0.56%	+4.12%

(\$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	\$106.56	\$106.99	\$106.92	\$105.93	\$105.24

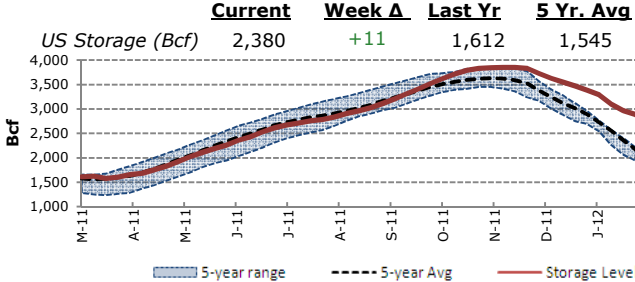
Inventory Levels (as of Mar-16)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	346,288	-1,162	337,426	319,411
Motor Gas	226,907	-1,214	214,389	200,481
Distillates	136,577	+1,763	171,756	140,851

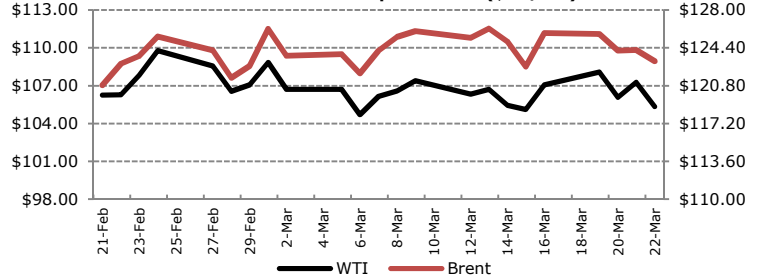
Nymex Natural Gas

(\$US/MMbtu)	22-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.27	-\$0.09	-3.86%	-0.44%	-14.15%
Apr12-Oct12	\$2.54	-\$0.07	-2.84%	-1.71%	-10.49%
Nov12-Mar13	\$3.32	-\$0.04	-1.33%	-1.10%	-3.98%
Apr13-Oct13	\$3.51	-\$0.04	-1.00%	-0.90%	-2.71%
Nov13-Mar14	\$3.92	-\$0.03	-0.79%	-0.82%	-2.19%

Inventory Levels (as of Mar-16)



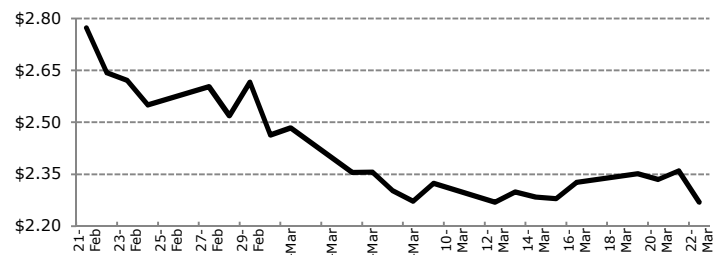
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	22-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$123.14	-\$1.06	-0.86%	+0.44%	+0.20%

Nat Gas Prompt (\$US/MMbtu)



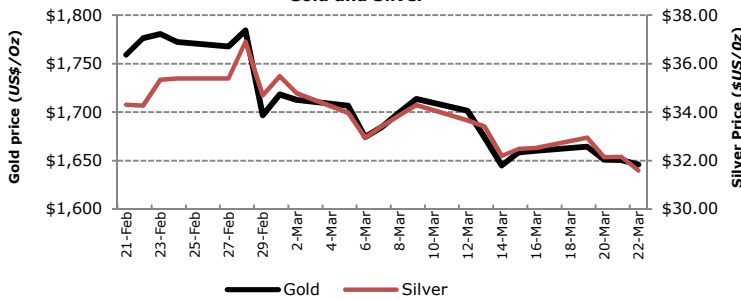
Alberta Natural Gas

(\$CAD/GJ)	22-Mar	day Δ	%Δ
AECO Apr-12	\$1.74	-\$0.07	-3.9%

Precious Metals

\$US/oz	22-Mar	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,645.90	-\$4.53	-0.3%	-0.8%	-6.4%	+2.5%
Silver	\$31.58	-\$0.58	-1.8%	-2.8%	-8.0%	+8.4%
Platinum	\$1,621	-\$18.12	-1.1%	-3.9%	-3.9%	+13.9%

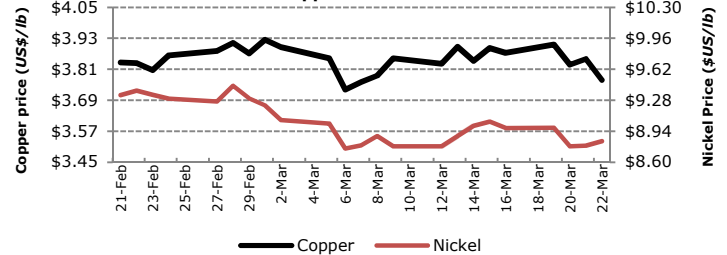
Gold and Silver



Industrial Metals

\$US/lb	22-Mar	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.77	-\$0.08	-2.1%	-3.2%	-1.8%	+8.8%
Nickel	\$8.83	+\$0.05	+0.6%	-2.4%	-5.4%	+1.0%
Zinc	\$1.00	-\$0.00	-0.2%	-2.1%	+0.9%	+8.9%
Aluminum	\$1.00	+\$0.00	0.0%	0.0%	+1.0%	+9.9%
Uranium	\$51.10	+\$0.00	0.0%	+0.6%	-2.0%	-2.2%

Copper and Nickel



Agriculture & Other

	22-Mar	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$6.45	+\$0.03	+0.4%	-3.7%	+1.7%
Wheat (\$US/bu)	\$6.46	+\$0.10	+1.6%	-2.8%	+1.5%
Soybeans (\$US/bu)	\$13.50	-\$0.06	-0.4%	-1.4%	+5.7%
Rough Rice (\$US/cwt)	\$14.41	+\$0.06	+0.4%	+0.6%	+2.4%
Sugar #11 (¢US/lb)	¢25.91	¢0.58	+2.3%	+1.6%	+5.9%
Lean Hogs (¢US/lb)	¢92.83	¢0.63	+0.7%	-1.4%	-6.6%
Live Cattle (¢US/lb)	¢122.18	¢0.22	+0.2%	-0.5%	-5.1%
Cotton No.2 (\$US/lb)	\$0.90	+\$0.01	+1.4%	+2.6%	-3.6%
Lumber (\$US/Mbft)	\$255.00	-\$4.70	-1.8%	-5.8%	-6.1%

Commodity ETFs

\$CAD	22-Mar	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$6.90	-\$0.19	-2.7%	-1.0%	-2.7%
HBP Nat Gas U	\$3.15	-\$0.21	-6.3%	-3.1%	-35.8%
HBP Comex Gold	\$16.64	+\$0.00	+0.0%	-0.4%	-7.3%

\$USD	22-Mar	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$40.14	-\$0.52	-1.3%	-0.3%	-1.1%
US Nat Gas	\$17.83	-\$0.58	-3.2%	-0.5%	-19.2%
PSDB Agriculture	\$28.34	-\$0.07	-0.2%	-1.2%	-2.9%
PSDB Base Metals	\$20.09	-\$0.33	-1.6%	-4.3%	-2.9%

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Interest Rates

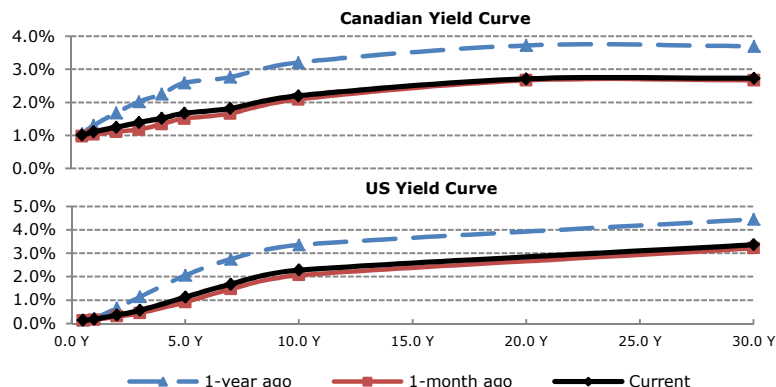
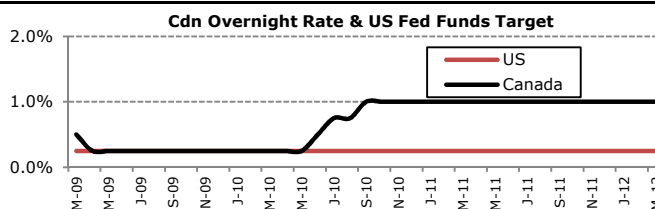
	Current	Prior	Δ	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	-	17-Apr-12	1.00%
US Fed Funds	0.25%	0.25%	-	24-Apr-12	0.25%

Canadian yield curve

	22-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.90%	-	0.94%	0.82%	0.91%
6-mnth	1.01%	-	0.98%	0.90%	1.05%
12-mnth	1.11%	-0.01%	1.03%	0.90%	1.30%
2-year	1.25%	-0.04%	1.11%	0.92%	1.68%
5-year	1.67%	-0.04%	1.51%	1.31%	2.59%
10-year	2.20%	-0.04%	2.09%	2.01%	3.21%
20-year	2.71%	-0.04%	2.67%	2.55%	3.72%
30-year	2.73%	-0.04%	2.67%	2.55%	3.70%

US yield curve

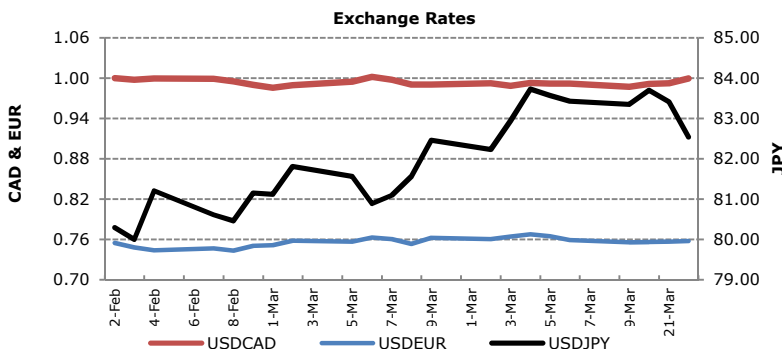
	22-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.07%	-0.02%	0.06%	-0.01%	0.08%
6-mnth	0.14%	-0.01%	0.12%	0.03%	0.15%
12-mnth	0.18%	-0.01%	0.15%	0.11%	0.23%
2-year	0.36%	-0.00%	0.30%	0.28%	0.66%
5-year	1.12%	-0.02%	0.91%	0.98%	2.05%
10-year	2.28%	-0.02%	2.06%	2.02%	3.35%
30-year	3.36%	-0.02%	3.21%	3.06%	4.45%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	22-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.999	+0.007	1.000	1.030	0.975
EURUSD	\$1.320	-0.002	1.325	1.308	1.418
USDJPY	¥82.54	-0.870	80.29	77.89	80.97
GBPUSD	\$1.582	-0.005	1.567	1.562	1.612
AUDUSD	\$1.039	-0.007	1.064	1.008	1.021
CADJPY	¥82.60	-1.456	80.31	75.63	83.03
CADAUD	\$0.963	-0.001	0.940	0.963	1.004
EURJPY	¥108.95	-1.280	106.38	101.89	114.79
EURAUD	\$1.27	+0.007	1.25	1.30	1.39
Forecasts	Q1-12	Q2-12	Q3-12	Q4-12	Q4-13
USDCAD	\$1.01	1.00	0.99	0.98	0.98
EURUSD	\$1.29	1.29	1.30	1.30	1.30
USDJPY	¥77.00	82.00	83.00	83.00	87.00



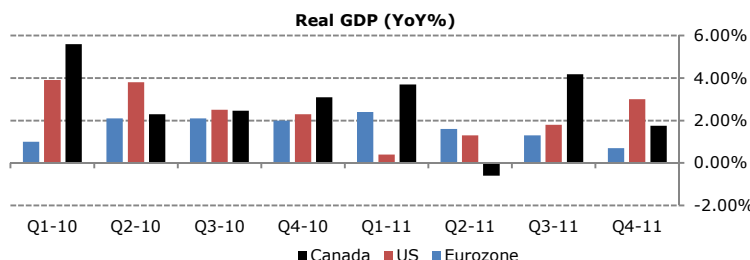
Economic Releases

United States		Period	Survey	Actual	Prior
Tue, Mar 20	Housing Starts	29-Feb	700K	698K	699K
Wed, Mar 21	MBA Mortgage Applications	16-Mar	--	-7.4%	-2.4%
Wed, Mar 21	Existing Home Sales	31-Jan	4.61M	4.59M	4.57M
Thu, Mar 22	Leading Indicators	29-Feb	0.6%	0.7%	0.7%
Thu, Mar 22	Continuing Claims	10-Mar	3380K	3352K	3343K
Thu, Mar 22	Intial Jobless Claims	17-Mar	350K	348K	348K
Fri, Mar 23	New Home Sales	31-Jan	325K	321K	307K

Canada		Period	Survey	Actual	Prior
Wed, Mar 21	Leading Indicators	29-Feb	0.6%	0.6%	0.6%
Thu, Mar 22	Retail Sales (MoM)	31-Jan	1.8%	0.5%	-0.2%
Fri, Mar 23	BOC CPI Core (YoY)	29-Feb	2.2%	2.3%	2.1%
Fri, Mar 23	Consumer Price Index	29-Feb	2.7%	2.6%	2.5%

Economics

Canada	Q1-11	Q2-11	Q3-11	Q4-11	2012E
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	Q1-11	Q2-11	Q3-11	Q4-11	2012E
Real GDP	0.40%	1.30%	1.80%	3.00%	2.20%
CPI	2.13%	3.47%	3.77%	3.30%	2.30%
Unemployment	8.90%	9.10%	9.00%	8.50%	8.20%
China	Q1-11	Q2-11	Q3-11	Q4-11	2012E
Real GDP	9.70%	9.50%	9.10%	8.90%	8.30%



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