

## Today's Commentary

The S&P/TSX composite fell to a one-week low to close at 12,722 on Thursday, as weak economic data from Europe dragged energy stocks lower. U.S. markets were mixed, but mostly flat, with the S&P 500 and Nasdaq gaining 0.07 and 0.06 percent respectively, while the Dow slid 0.07 percent. Natural gas producer Encana Corp reported a negative production outlook for 2013 production, sending shares down 6.6 percent, and pulling the energy sector down 1.6 percent. BlackBerry's former co-chief executive Jim Balsillie revealed that he had sold a large stake in the company, but shares closed 7.5 percent higher. Kinross Gold Corp managed a 5.4 percent gain to close at \$8.34 thanks to a report of higher fourth quarter revenues, and despite a \$3.1 billion impairment charge from its troubled Tasiast mine in Africa.

Senate Democrats have proposed a plan to raise \$110 billion in new taxes to avoid severe spending cuts that could come into effect on March 1. However, Republicans are expected to oppose the plan based on their ideological opposition to tax increases. Indeed, Senate Republican leader Mitch McConnell has already called the proposal a "political stunt" and "total waste of time." The proposal is aimed at postponing the broad based spending cuts, or sequester, until January 2014, while maintaining military spending until the war in Afghanistan concludes in fiscal 2015. If the sequester goes ahead as scheduled, it will cost the U.S. 750,000 new jobs this year according to the Congressional Budget Office. Europe is already feeling the effects of similar fiscal austerity measures, as its economy shrank by a larger than expected 0.5 percent in 2012.

Exchange rates are at the top of the agenda at the G20 meeting of finance ministers and central bankers in Moscow today as rich nations try to come to an understanding over competitive devaluation. The Japanese yen has fallen over 16 percent since September of last year on the back of Shizo Abe's push for aggressive easing to end a 15 year period of deflation. Recent statements from Japanese officials, along with planned policy actions, suggest Japan is chasing a cheaper yen to boost exports. Financial chiefs are worried about a potential cycle of retaliation from other countries as they become less competitive. A statement released by the G7 earlier this week seeking to calm the sphere of a "currency war" backfired as there were opposing interpretations of the message. The IMF has suggested that talks about a currency war are overblown. A Statement from the G20 is expected today.

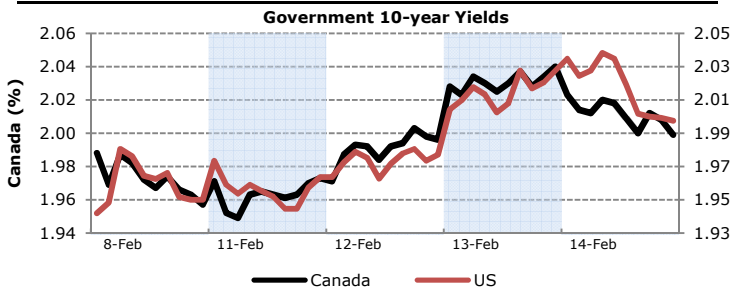
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

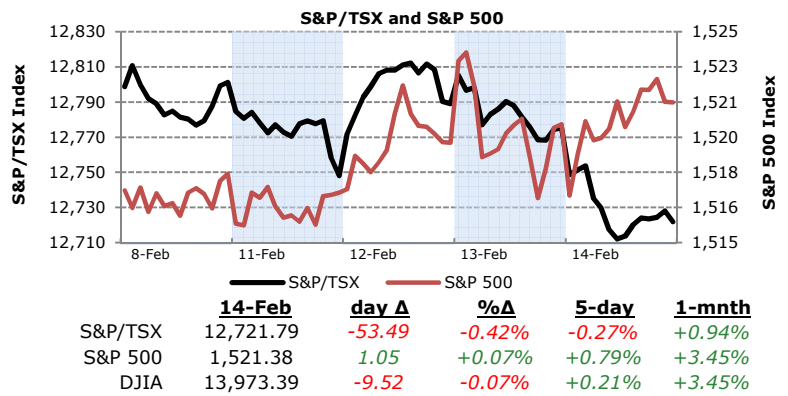
United States	Period	Survey	Actual	Prior
Industrial Production	31-Dec	0.3%	-	0.3%

Canada	Period	Survey	Actual	Prior
Manufacturing Sales (MoM)	31-Jan	-0.8%	-3.1%	1.7%

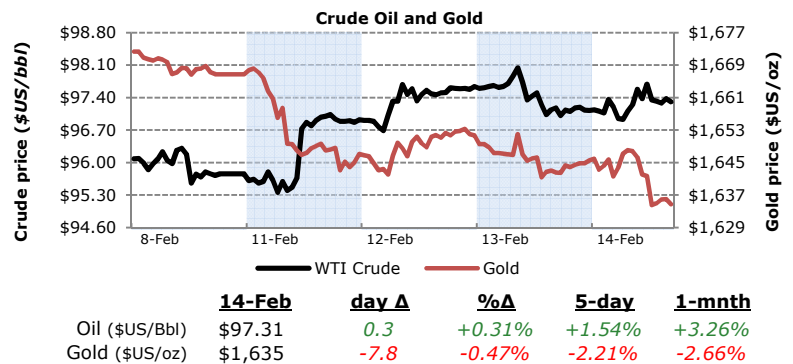
## Interest Rates



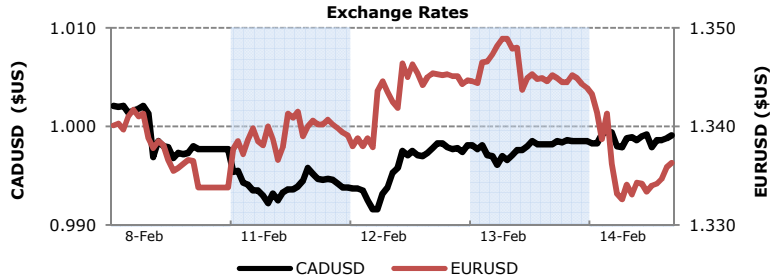
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	14-Feb	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.001	-0.001		0.998	0.986	0.995
EURUSD	\$1.336	-0.009		1.340	1.329	1.346
USDJPY	¥92.88	-0.510		93.630	88.38	80.46

	Government 10-year Yields		Historical levels		
	14-Feb	day Δ	-1 mnth	-3 mnths	-1 year
Canada	2.00%	-0.041%	1.91%	1.70%	2.01%
United States	2.00%	-0.030%	1.84%	1.58%	1.93%

## 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>

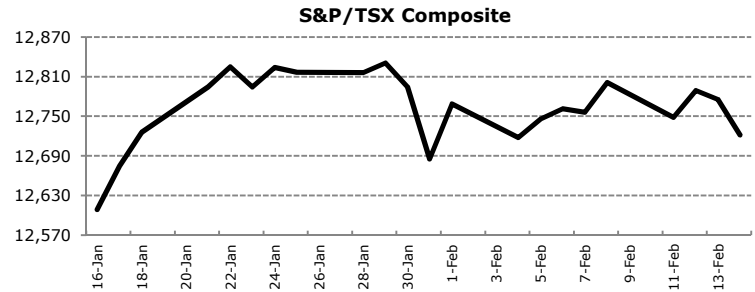
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	<b>14-Feb</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,721.79	-53.49	-0.42%

	<b>Trailing S&amp;P/TSX</b>	<b>TSX 60</b>
5-day	-0.27%	-0.12%
1-month	+0.94%	+1.02%
3-months	+6.64%	+7.12%
6-months	+7.32%	+7.85%
12-months	+2.97%	+4.01%



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.14%	+0.51%	+3.10%	+18.73%
C. Staples	-0.47%	-0.74%	+1.66%	+24.87%
Energy	-1.60%	-0.29%	+0.81%	-9.10%
Financials	-0.20%	+0.78%	+2.75%	+12.42%
Healthcare	-1.04%	-0.86%	+4.14%	+12.64%
Info Tech	+1.24%	-3.12%	+3.22%	+13.12%
Industrials	-0.06%	+2.24%	+5.46%	+17.71%
Materials	+0.15%	-2.19%	-4.98%	-15.63%
Metals & Mining	+0.11%	-0.92%	-5.73%	-15.67%
Telecom	-0.08%	-0.27%	+3.19%	+12.58%
Utilities	-1.02%	-2.96%	-2.02%	+0.08%

**TSX Top Performers**

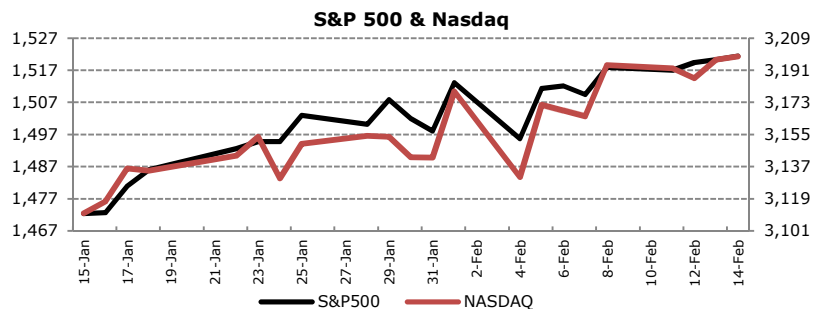
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Research In Motion		+7.50%	-11.00%	+2.38%	+1.76%
Kinross Gold Corp		+5.44%	+1.34%	-10.23%	-18.14%
Transcontinental Inc-CI A		+4.05%	+0.42%	-0.42%	+0.56%
Osisko Mining Corp		+3.91%	+0.00%	-18.83%	-46.74%
Torex Gold Resources Inc		+3.80%	+0.00%	-7.73%	-14.73%

**TSX Worst Performers**

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Just Energy Group Inc		-8.47%	-20.61%	-20.28%	-29.80%
Niko Resources Ltd		-7.85%	-11.18%	-20.04%	-81.06%
Encana Corp		-6.57%	-5.60%	-4.46%	-2.02%
Progressive Waste Solutio		-6.43%	-7.38%	-1.96%	-0.68%
Petrobank Energy & Resour		-4.26%	-2.17%	-4.26%	-25.93%

**US Indices**

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
14-Feb	1,521.38	13,973.39	3,198.66
1-day	+0.07%	-0.07%	+0.06%
5-day	+0.79%	+0.21%	+1.06%
1-month	+3.45%	+3.45%	+2.60%
3-months	+12.24%	+11.16%	+12.36%
6-months	+8.37%	+6.08%	+6.02%
12-months	+12.65%	+8.50%	+9.10%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.01%	+1.08%	+3.75%	+19.69%
C. Staples	+0.14%	-0.08%	+3.88%	+14.68%
Energy	+0.52%	+1.32%	+5.76%	+6.12%
Financials	+0.31%	+1.57%	+4.33%	+22.61%
Healthcare	+0.19%	+0.47%	+3.41%	+19.83%
Info Tech	+0.09%	+0.77%	+1.23%	+3.31%
Industrials	+0.11%	+1.38%	+4.63%	+10.66%
Materials	-0.41%	+0.41%	+0.66%	+7.00%
Telecom	-2.03%	-1.76%	+1.42%	+16.98%
Utilities	-0.90%	-0.54%	+3.06%	+5.02%

**DJIA Top Performers**

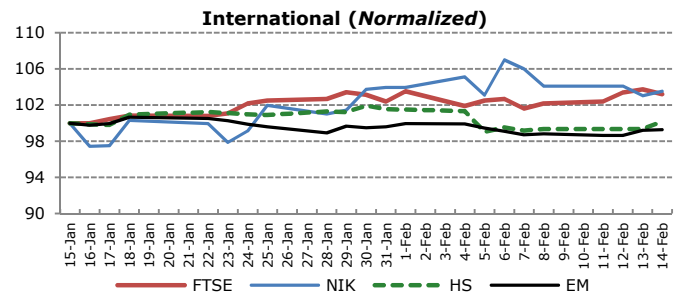
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Alcoa Inc		+2.09%	+4.38%	+4.50%	-6.75%
Jpmorgan Chase & Co		+1.11%	+2.05%	+7.28%	+35.48%
Travelers Cos Inc/The		+0.44%	+1.54%	+7.19%	+39.38%

**DJIA Worst Performers**

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Coca-Cola Co/The		-0.99%	-5.32%	-0.41%	+10.75%
Wal-Mart Stores Inc		-0.80%	-0.58%	+3.69%	+17.49%
Du Pont (E.I.) De Nemours		-0.74%	+0.78%	+3.00%	-1.03%

**International Markets**

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	6,327.36	11,307.28	23,413.25	1,065.84
1-day	-0.50%	+0.50%	+0.85%	+0.09%
5-day	+1.59%	-0.44%	-1.15%	+0.59%
1-month	+3.59%	+4.68%	-0.00%	-1.38%
3-months	+10.58%	+30.50%	+9.19%	+8.69%
6-months	+7.89%	+26.62%	+15.38%	+9.07%
12-months	+7.25%	+24.91%	+11.93%	+1.80%



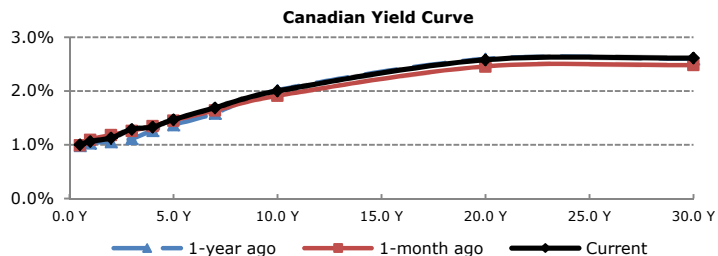
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## Interest Rates

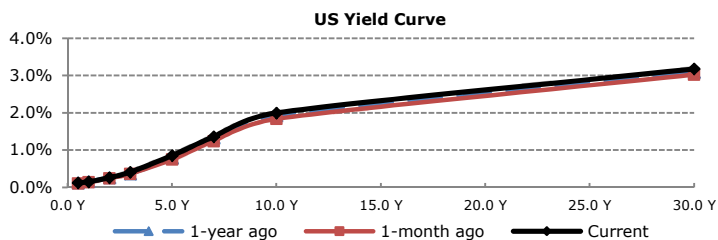
### Canadian yield curve

	<b>14-Feb</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.94%	-	0.91%	0.97%	0.94%
6-mnth	1.00%	-	0.99%	1.01%	0.98%
12-mnth	1.06%	+0.01%	1.09%	1.06%	1.03%
2-year	1.13%	-0.02%	1.18%	1.07%	1.06%
5-year	1.47%	-0.03%	1.45%	1.29%	1.37%
10-year	2.00%	-0.04%	1.91%	1.70%	2.01%
20-year	2.58%	-0.03%	2.46%	2.25%	2.59%
30-year	2.61%	-0.03%	2.48%	2.29%	2.60%

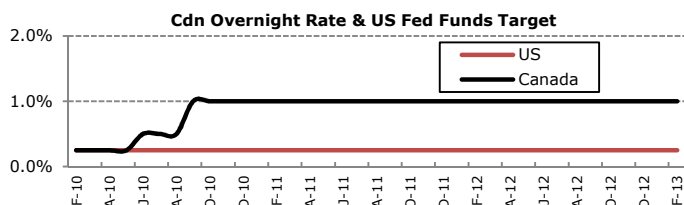


### US yield curve

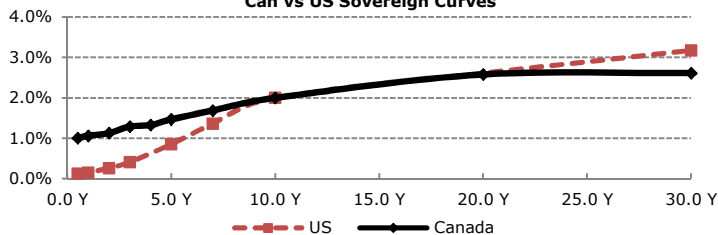
	<b>14-Feb</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.10%	+0.00%	0.08%	0.08%	0.11%
6-mnth	0.12%	+0.00%	0.11%	0.13%	0.12%
12-mnth	0.15%	-	0.14%	0.17%	0.15%
2-year	0.26%	-0.01%	0.25%	0.24%	0.26%
5-year	0.85%	-0.05%	0.75%	0.61%	0.79%
10-year	2.00%	-0.03%	1.84%	1.58%	1.93%
30-year	3.18%	-0.06%	3.03%	2.73%	3.09%



	<b>Current</b>	<b>Prior</b>	<b>Next Meeting</b>	<b>Survey</b>
Cdn Overnight	1.00%	1.00%	6-Mar-13	1.00%
US Fed Funds	0.25%	0.25%	20-Mar-13	0.25%



### Can vs US Sovereign Curves



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

	<b>Spot</b>	<b>14-Feb</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.001	-0.001		0.986	1.001	0.995
EURUSD	\$1.336	-0.009		1.329	1.278	1.346
USDJPY	¥92.88	-0.510		88.38	81.17	80.46
GBPUSD	\$1.549	-0.005		1.601	1.587	1.590
AUDUSD	\$1.036	-0.001		1.057	1.033	1.077

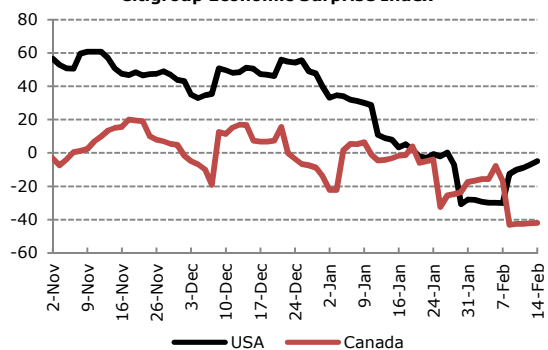
	<b>Spot</b>	<b>14-Feb</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥92.78	-0.449		89.64	81.09	80.84
CADAUD	\$0.964	+0.002		0.959	0.967	0.933
GBPUSD	£1.551	-0.006		1.578	1.588	1.583
EURJPY	¥124.11	-1.530		117.45	103.75	108.29
EURAUD	\$1.29	-0.007		1.26	1.24	1.25

## Economic Releases

### United States

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Wed, Feb 13	Advance Retail Sales	31-Jan	0.1%	0.1%	0.5%
Thu, Feb 14	Continuing Claims	2-Feb	3205K	3114K	3224K
Thu, Feb 14	Initial Jobless Claims	9-Feb	360K	341K	366K
Fri, Feb 15	Industrial Production	31-Dec	0.3%	-	0.3%

### Citigroup Economic Surprise Index



### Canada

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Fri, Feb 15	Manufacturing Sales (MoM)	31-Jan	-0.8%	-3.1%	1.7%

## Economics

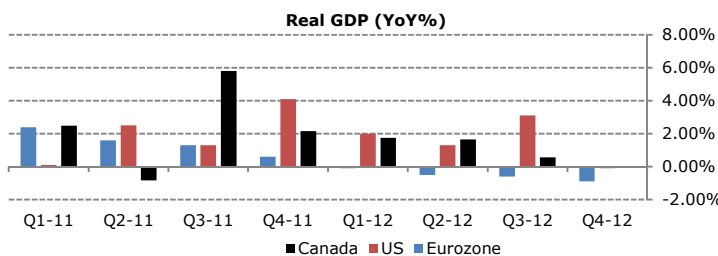
<b>Canada</b>	<b>Q1-12</b>	<b>Q2-12</b>	<b>Q3-12</b>	<b>Q4-12</b>	<b>2013E</b>
Real GDP	1.74%	1.65%	0.57%	NA	1.80%
CPI	2.33%	1.57%	1.23%	0.93%	1.55%
Unemployment	7.20%	7.20%	7.30%	7.10%	7.20%

<b>US</b>	<b>Q1-12</b>	<b>Q2-12</b>	<b>Q3-12</b>	<b>Q4-12</b>	<b>2013E</b>
Real GDP	2.00%	1.30%	3.10%	-0.10%	1.90%
CPI	2.83%	1.90%	1.70%	1.90%	1.80%
Unemployment	8.20%	8.20%	7.80%	7.80%	7.70%

<b>China</b>	<b>Q1-12</b>	<b>Q2-12</b>	<b>Q3-12</b>	<b>Q4-12</b>	<b>2013E</b>
Real GDP	8.10%	7.60%	7.40%	7.90%	8.10%



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