

Today's Commentary

Canadian and U.S. markets responded favorably to upbeat investor sentiment in Germany on Tuesday. The S&P/TSX composite rallied 0.97 percent, while the S&P 500 and Nasdaq were up 0.73 and 0.68 percent respectively. The financial sector led the market in Canada, gaining 1.2 percent, while energy shares were up 1.1 percent, as the bullish sentiment pushed the price of oil above \$97 per barrel. Gold remains near a six-month low, trading slightly above \$1600 per ounce, which pulled the materials sector down 0.2 percent, making it the only group to trade lower on the day. A Reuters survey reported on Tuesday that Japanese firms are taking a cautious approach to the fiscal year in 2013 and have no plans to raise wages despite the government's economic stimulus and Spain has plans to issue US dollar denominated bonds.

According to a Reuters Corporate Survey, 85 percent of Japanese firms said they will either keep wages steady or cut them in the fiscal year beginning in April. This bodes poorly for Prime Minister Shinzo Abe's efforts to boost the economy with aggressive fiscal and monetary policy, and will work against the Bank of Japan's (BOJ) 2 percent inflation target. The Japanese work culture, which is characterized by long hours and little vacation time, also makes it difficult to stimulate domestic demand, since workers have limited time to spend their disposable income. As a result, Japan has one of the world's highest savings rates, and correspondingly low bond yields. Loose monetary policy and stagnant wages carry the danger of stagflation, as higher prices fail to stimulate consumer spending, which will surely be a concern for the incoming BOJ governor in March.

Spain has launched a 5 year bond sale denominated in US dollars to take advantage of the search for yields among US investors. Spain has avoided going to the EU for bailout funds and Mario Draghi's announcement of the OMT program has helped Spanish borrowing costs fall - currently 10 year Euro denominated bonds are yielding 5.12 percent, down from over 7 percent last year. In January a debt auction for 7 billion in euro denominated bonds had attracted over 23 billion euros of orders, highlighting the demand for higher yields from international investors and changing attitudes towards Spain. Mariano Rajoy, the Spanish premiere, recently stated that the government had been able to bring down its budget deficit to 7 percent of GDP. The auction for the USD denominated bonds is set to end later today.

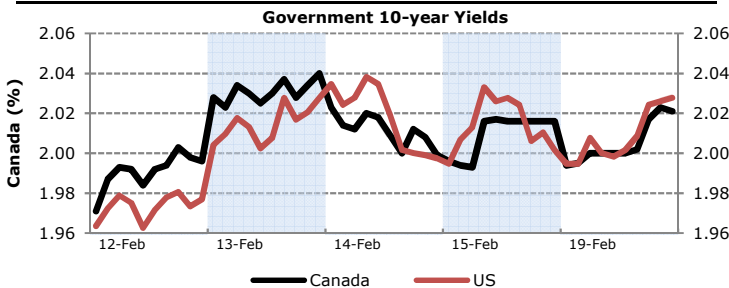
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

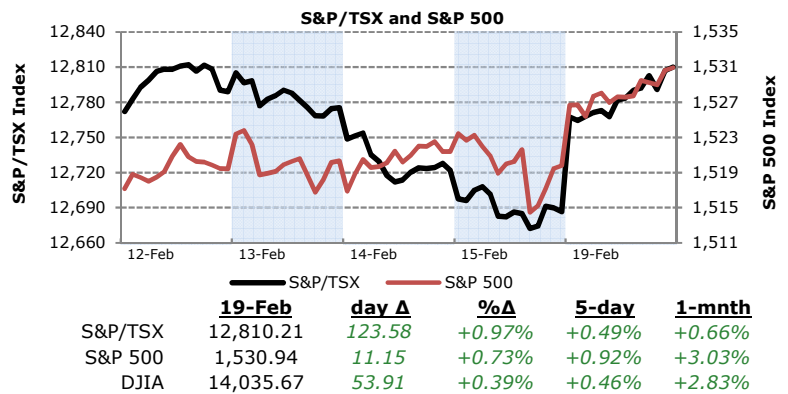
United States	Period	Survey	Actual	Prior
Housing Starts	31-Jan	914K	890K	954K
Producer Price Index (MoM)	31-Jan	0.3%	0.2%	-0.2%

Canada	Period	Survey	Actual	Prior
None Scheduled				

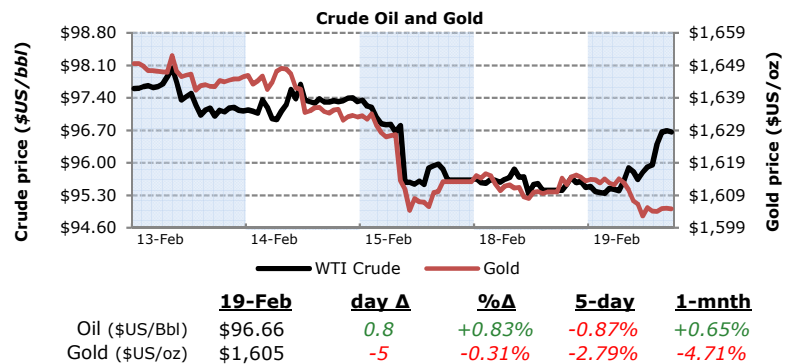
Interest Rates



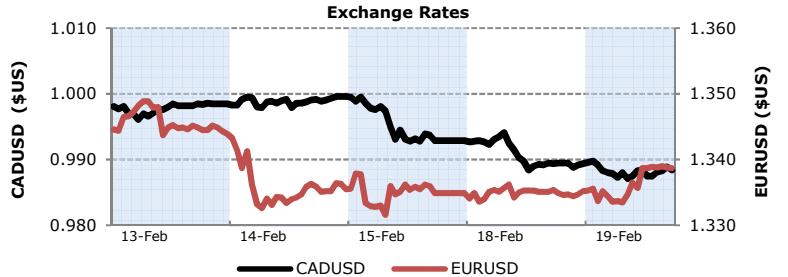
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	19-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.011	+0.005	1.005	0.992	0.986
EURUSD	\$1.339	+0.003	1.341	1.332	1.331
USDJPY	¥93.57	+0.070	94.320	90.10	81.12

Government 10-year Yields

	19-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.02%	0.005%	1.92%	1.76%	2.04%
United States	2.03%	0.026%	1.84%	1.68%	2.00%

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/>



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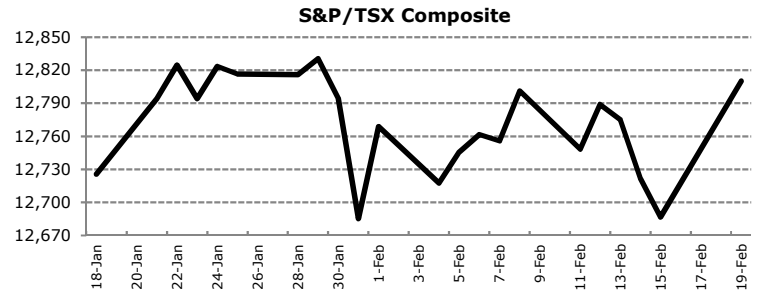
Rotman Finance Association



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>

	19-Feb	day Δ	%Δ
S&P/TSX	12,810.21	123.58	+0.97%
Trailing S&P/TSX TSX 60			
5-day		+0.49%	+0.56%
1-month		+0.66%	+0.77%
3-months		+6.39%	+6.94%
6-months		+5.96%	+6.51%
12-months		+2.82%	+3.89%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+1.30%	+2.00%	+2.67%	+19.17%
C. Staples	+0.83%	+0.57%	+3.27%	+26.55%
Energy	+1.09%	+0.37%	+0.35%	-10.43%
Financials	+1.20%	+1.42%	+2.88%	+13.35%
Healthcare	+1.12%	+1.46%	+5.96%	+16.33%
Info Tech	+1.03%	-2.51%	+0.34%	+12.42%
Industrials	+0.94%	+2.38%	+5.78%	+19.74%
Materials	-0.16%	-2.87%	-7.26%	-18.45%
Metals & Mining	-1.10%	-1.57%	-7.76%	-17.68%
Telecom	+1.58%	+3.32%	+4.77%	+16.20%
Utilities	+1.28%	-0.27%	-2.24%	+0.07%

TSX Top Performers

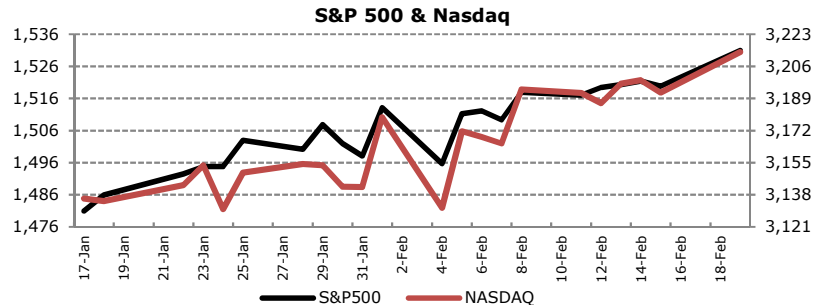
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Transcontinental Inc-CI A		+6.65%	+6.01%	+1.81%	-1.98%
Ensign Energy Services In		+5.70%	+5.76%	+9.89%	+10.02%
Cott Corporation		+5.43%	+5.43%	+9.55%	+46.91%
Brookfield Asset Manage-C		+4.54%	+0.54%	+6.33%	+23.14%
Canfor Corp		+4.14%	+6.60%	+5.16%	+72.95%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Alacer Gold Corp		-9.44%	-28.19%	-30.04%	-64.10%
Gabriel Resources Ltd		-5.35%	-8.00%	-18.44%	-60.75%
Argonaut Gold Inc		-4.89%	-6.78%	-19.48%	-10.84%
Tahoe Resources Inc		-4.46%	-9.70%	-13.45%	-24.64%
Oceanagold Corp		-3.79%	-5.58%	-11.81%	+2.83%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
19-Feb	1,530.94	14,035.67	3,213.60
1-day	+0.73%	+0.39%	+0.68%
5-day	+0.92%	+0.46%	+0.68%
1-month	+3.03%	+2.83%	+2.52%
3-months	+10.39%	+9.69%	+10.20%
6-months	+7.95%	+5.73%	+4.45%
12-months	+12.47%	+8.38%	+8.87%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.44%	+1.16%	+2.55%	+19.32%
C. Staples	+1.04%	+1.33%	+3.99%	+15.60%
Energy	+1.15%	+1.14%	+3.47%	+4.97%
Financials	+0.86%	+1.37%	+4.31%	+21.26%
Healthcare	+0.65%	+0.85%	+3.39%	+20.81%
Info Tech	+0.54%	+0.05%	+1.46%	+2.86%
Industrials	+0.89%	+2.04%	+3.66%	+11.79%
Materials	-0.42%	-0.49%	-0.58%	+4.53%
Telecom	+0.64%	-0.75%	+3.29%	+17.22%
Utilities	+0.92%	+0.46%	+3.20%	+5.84%

DJIA Top Performers

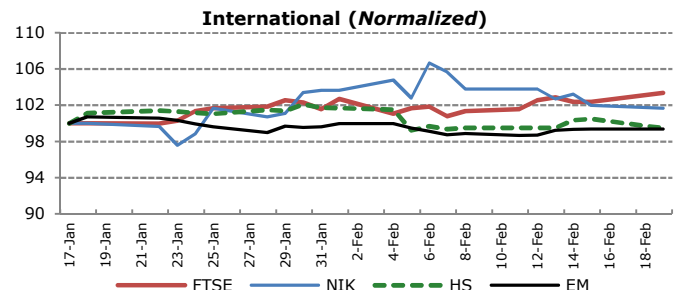
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Cisco Systems Inc		+2.24%	+0.89%	+2.09%	+5.77%
General Electric Co		+1.98%	+5.79%	+7.76%	+23.18%
Merck & Co. Inc.		+1.93%	+2.03%	-1.77%	+9.49%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Alcoa Inc		-2.79%	+2.14%	+0.67%	-10.74%
Unitedhealth Group Inc		-1.15%	-0.81%	+3.85%	+3.62%
Wal-Mart Stores Inc		-0.78%	-3.70%	-0.64%	+10.05%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,379.07	11,372.34	23,143.91	1,066.52
1-day	+0.96%	-0.31%	-1.02%	+0.00%
5-day	+0.64%	+0.03%	-0.14%	+0.73%
1-month	+3.65%	+4.21%	-1.94%	+0.00%
3-months	+11.18%	+24.24%	+8.85%	+10.51%
6-months	+9.00%	+24.12%	+15.05%	+11.30%
12-months	+8.03%	+21.19%	+7.69%	+1.72%



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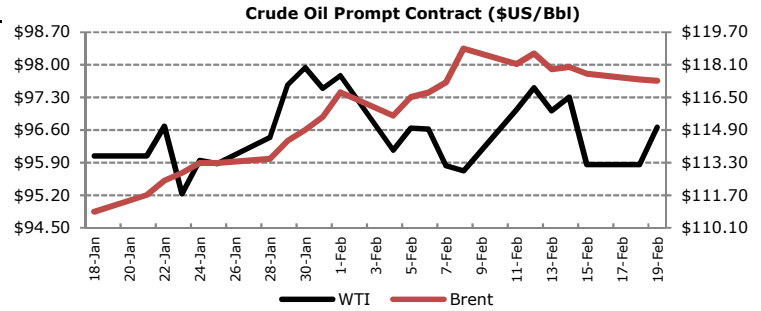
Nymex WTI Crude Oil

(\$US/Bbl)	19-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$96.66	+\$0.80	+0.83%	-0.87%	+0.65%
Cal 13	\$97.74	+\$0.56	+0.58%	-0.59%	+3.49%
Cal 14	\$95.03	+\$0.22	+0.23%	-0.47%	+2.36%

(\$US/bbl)	Q2-13	Q3-13	Q4-13	Q1-14	2014
Consensus Forecast	\$94.00	\$95.50	\$98.00	\$98.50	\$97.00
Current Forward	\$97.54	\$98.27	\$97.75	\$96.68	\$95.03

Inventory Levels (as of Feb-08)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	372,245	+560	337,426	319,411
Motor Gas	233,236	-803	214,389	200,481
Distillates	125,904	-3,677	171,756	140,851

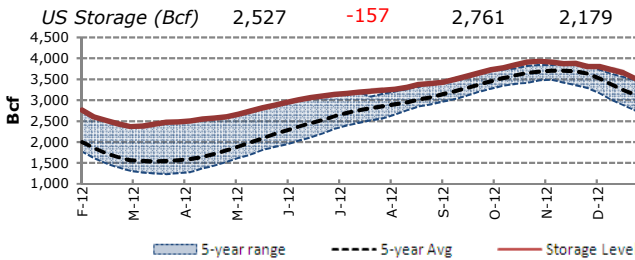


(\$US/Bbl)	19-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$117.32	-\$0.06	-0.05%	-1.13%	+5.02%

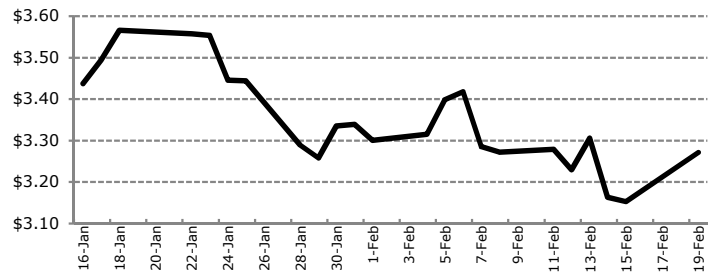
Nymex Natural Gas

(\$US/MMbtu)	19-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.27	+\$0.12	+3.74%	-0.24%	-6.38%
Apr13-Oct13	\$3.47	+\$0.10	+2.90%	-0.97%	+1.37%
Nov13-Mar14	\$3.89	+\$0.08	+1.97%	-1.31%	+0.39%
Apr14-Oct14	\$3.95	+\$0.06	+1.60%	-0.80%	+0.70%
Nov14-Mar15	\$4.31	+\$0.06	+1.35%	-0.68%	+1.44%

Inventory Levels (as of Feb-08)



Nat Gas Prompt (\$US/MMbtu)

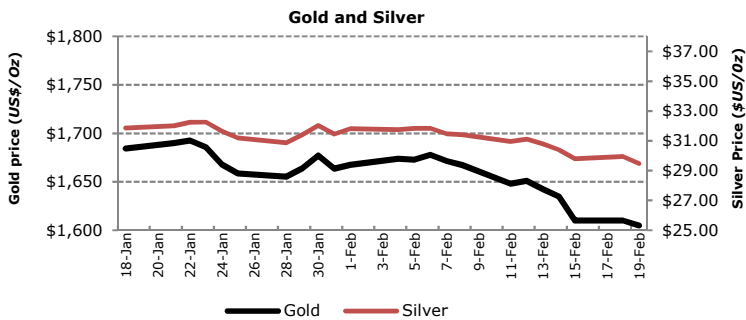


Alberta Natural Gas

(\$CAD/GJ)	19-Feb	day Δ	%Δ
AECO Mar-13	\$2.93	+\$0.19	+6.9%

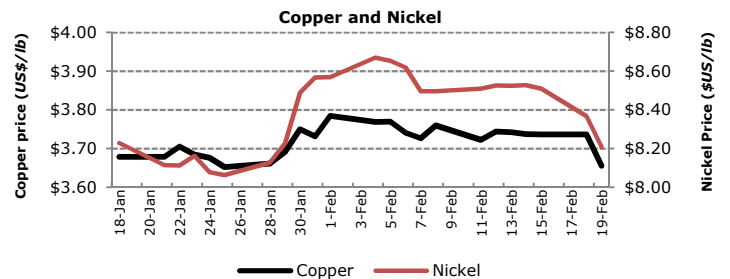
Precious Metals

\$US/oz	19-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,605.05	-\$5.00	-0.3%	-2.8%	-4.7%	-7.2%
Silver	\$29.47	-\$0.47	-1.6%	-5.3%	-7.5%	-11.7%
Platinum	\$1,694	+\$1.55	+0.1%	-1.4%	+1.5%	+7.5%



Industrial Metals

\$US/lb	19-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.66	-\$0.08	-2.2%	-2.4%	-0.6%	+4.6%
Nickel	\$8.21	-\$0.16	-1.9%	-3.7%	-0.2%	+6.1%
Zinc	\$1.04	-\$0.01	-0.5%	-1.8%	+4.2%	+11.0%
Aluminum	\$0.94	-\$0.01	-1.1%	0.0%	+2.2%	+6.8%
Uranium	\$43.15	+\$0.00	0.0%	-0.6%	+2.7%	+3.4%



Agriculture & Other

	19-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$6.92	-\$0.05	-0.7%	-0.5%	-5.1%
Wheat (\$US/bu)	\$7.39	-\$0.10	-1.3%	-0.1%	-7.6%
Soybeans (\$US/bu)	\$14.57	+\$0.42	+3.0%	+3.4%	+2.9%
Rough Rice (\$US/cwt)	\$15.92	+\$0.08	+0.5%	+1.7%	+5.0%
Sugar #11 (¢US/lb)	¢17.96	¢0.22	+1.2%	-0.6%	-3.0%
Lean Hogs (¢US/lb)	¢83.05	¢1.20	-1.4%	-3.4%	-5.7%
Live Cattle (¢US/lb)	¢129.55	¢0.90	-0.7%	-0.3%	-0.2%
Cotton No.2 (\$US/lb)	\$0.84	+\$0.01	+1.1%	+1.2%	+6.9%
Lumber (\$US/Mbft)	\$390.40	-\$9.30	-2.3%	+0.3%	+8.5%

Commodity ETFs

	19-Feb	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.79	+\$0.06	+1.3%	-1.0%	+0.6%
HBP Nat Gas U	\$10.89	+\$0.62	+6.0%	-2.0%	-17.7%
HBP Comex Gold	\$15.95	-\$0.02	-0.1%	-2.7%	-5.1%
\$USD					
US Crude Oil	\$34.96	+\$0.24	+0.7%	-0.46%	+2.0%
US Nat Gas	\$18.30	+\$0.52	+2.9%	-0.81%	-5.3%
PSDB Agriculture	\$26.40	-\$0.09	-0.3%	-1.64%	-5.3%
PSDB Base Metals	\$19.33	-\$0.40	-2.0%	-1.02%	+3.2%

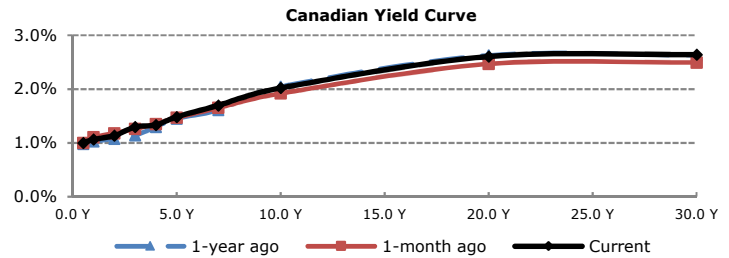
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Interest Rates

Canadian yield curve

	19-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.95%	-	0.90%	0.97%	0.93%
6-mnth	1.00%	-	1.00%	1.02%	0.98%
12-mnth	1.06%	+0.00%	1.10%	1.07%	1.03%
2-year	1.14%	+0.01%	1.18%	1.11%	1.07%
5-year	1.48%	+0.01%	1.47%	1.35%	1.45%
10-year	2.02%	+0.00%	1.92%	1.76%	2.04%
20-year	2.61%	+0.01%	2.47%	2.31%	2.63%
30-year	2.64%	+0.01%	2.50%	2.35%	2.63%

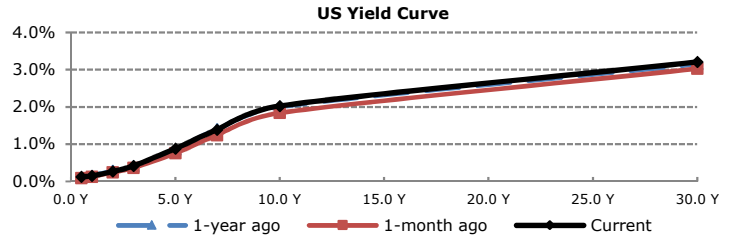
Historical Levels



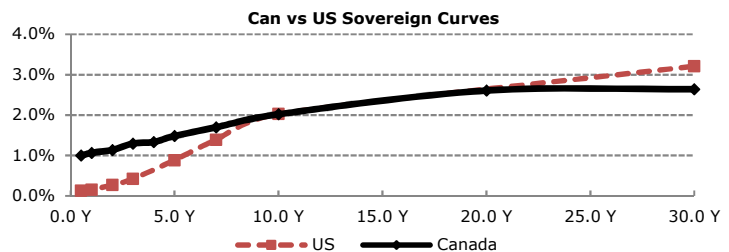
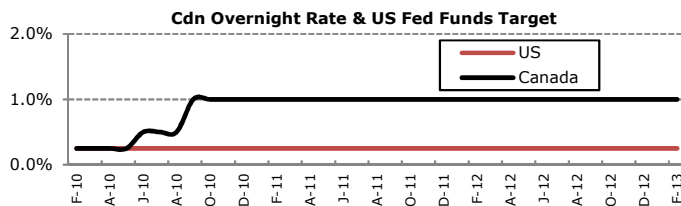
US yield curve

	19-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.11%	+0.01%	0.07%	0.09%	0.08%
6-mnth	0.13%	+0.01%	0.10%	0.14%	0.11%
12-mnth	0.15%	+0.01%	0.13%	0.17%	0.15%
2-year	0.27%	+0.00%	0.25%	0.27%	0.29%
5-year	0.89%	+0.03%	0.76%	0.68%	0.86%
10-year	2.03%	+0.03%	1.84%	1.68%	2.00%
30-year	3.21%	+0.03%	3.03%	2.82%	3.15%

Historical Levels



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



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	19-Feb	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.011		+0.005	0.992	0.996	0.986
EURUSD	\$1.339		+0.003	1.332	1.281	1.331
USDJPY	¥93.57		+0.070	90.10	81.41	81.12
GBPUSD	\$1.543		-0.009	1.587	1.591	1.596
AUDUSD	\$1.036		+0.005	1.051	1.041	1.081

	Spot	19-Feb	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥92.52		-0.390	90.85	81.72	82.30
CADAUD	\$0.955		-0.010	0.959	0.964	0.939
GBPCAD	£1.560		-0.002	1.574	1.585	1.573
EURJPY	¥125.27		+0.310	119.98	104.32	107.98
EURAUD	\$1.29		-0.004	1.27	1.23	1.23

Economic Releases

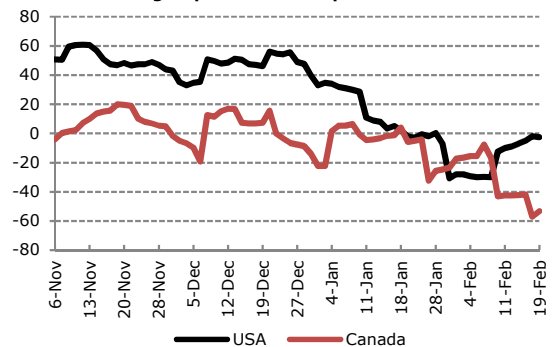
United States

	Period	Survey	Actual	Prior	
Wed, Feb 20	Housing Starts	31-Jan	914K	890K	954K
Wed, Feb 20	Producer Price Index (MoM)	31-Jan	0.3%	0.20%	-0.2%
Thu, Feb 21	Leading Indicators	31-Jan	0.2%	--	0.5%
Thu, Feb 21	Existing Home Sales	31-Jan	4.9M	--	4.94M
Thu, Feb 21	Continuing Claims	9-Feb	3150K	--	3114K
Thu, Feb 21	Intial Jobless Claims	16-Feb	355K	--	366K
Thu, Feb 21	Consumer Price Index (MoM)	31-Jan	0.1%	--	0%

Canada

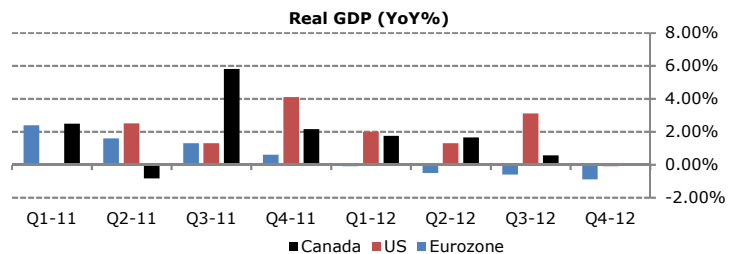
	Period	Survey	Actual	Prior	
Fri, Feb 22	BOC CPI Core (YoY)	31-Jan	1%	--	1.1%
Fri, Feb 22	Retail Sales (MoM)	31-Dec	-0.3%	--	0.2%
Fri, Feb 22	Consumer Price Index	31-Jan	0.6%	--	0.8%

Citigroup Economic Surprise Index



Economics

	Q1-12	Q2-12	Q3-12	Q4-12	2013E
Canada					
Real GDP	1.74%	1.65%	0.57%	NA	1.80%
CPI	2.33%	1.57%	1.23%	0.93%	1.45%
Unemployment	7.20%	7.20%	7.30%	7.10%	7.15%
US					
Real GDP	2.00%	1.30%	3.10%	-0.10%	1.80%
CPI	2.83%	1.90%	1.70%	1.90%	1.80%
Unemployment	8.20%	8.20%	7.80%	7.80%	7.70%
China					
Real GDP	8.10%	7.60%	7.40%	7.90%	8.10%



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