

## Today's Commentary

U.S. and Canadian markets were down sharply on Wednesday, as records from last month's Federal Reserve meeting showed considerable concern about the extent of the Fed's open-ended bond-buying program. The S&P/TSX composite slid 0.75 percent, while the S&P 500 and Nasdaq dropped 1.24 and 1.53 percent respectively. Speculation about a quicker-than-expected end to quantitative easing pushed the USD above 1.01 CDN. The materials sector was hit hardest by the news, falling 3.2 percent, while gold continued its recent downtrend with a 2.7 percent loss. Oil and silver joined the slump in commodity prices. The Dow Jones Industrial average had been trading down about 25 points until the Fed's release, which led to a loss of 108 points on the day.

Minutes from the Fed's January 29-30 meeting revealed that policymakers are highly concerned about the ongoing monthly purchases of \$85 billion in government bonds that are aimed at bringing unemployment down to 6.5 percent. Some officials suggested that a review of the policy could result in changes being made before "a substantial improvement in the outlook for the labour market has occurred." In spite of this, the Fed voted 11-1 to proceed with the open-ended bond-buying program as planned. Concerns about inflation, financial market manipulation, and losses from winding down the program were all raised in the meeting. The discussion has introduced considerable uncertainty to financial markets, and raised speculation about when the bond-buying program will be scaled back, with some analysts expecting it to happen before the end of the year.

The French PMI survey casted doubts on a euro zone recovery this year. The measure, which is a composite of both both services and manufacturing, fell to a four year low of 42.3 from 42.7 in January - a reading below 50 indicates a contraction. There had been some hope of a strengthening European economy after strong business confidence numbers out of Germany. The PMI number from Germany, Eurozone's largest economy, shows it is still in expansionary territory with a reading of 52.7. However, the composite PMI for the entire euro zone is 47.3, dragged down by France and the peripheral countries that are struggling to return to growth. Markit, the firm which conducts the PMI surveys, indicated that the latest PMI readings suggested a contraction in the euro zone of 0.2 to 0.3 percent in the first quarter. The ECB has stressed that policy is already accommodative but is now likely to face more pressure to cut rates further.

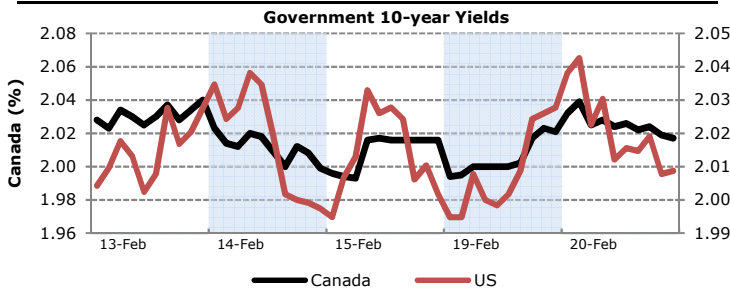
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

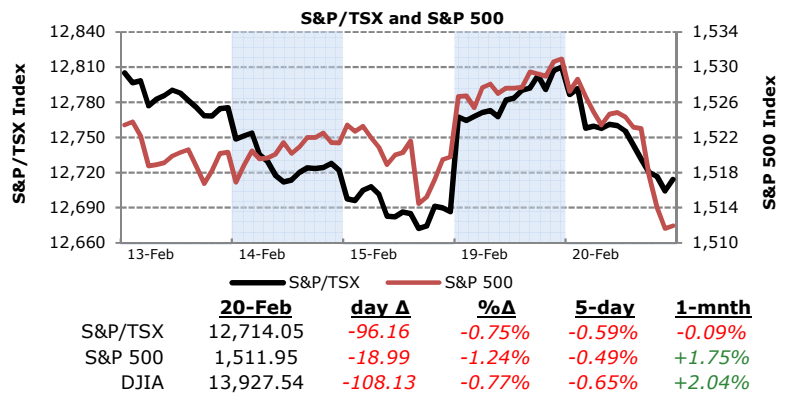
United States	Period	Survey	Actual	Prior
Leading Indicators	31-Jan	0.2%	-	0.5%
Existing Home Sales	31-Dec	4.9M	--	4.94M
Initial Jobless Claims	16-Feb	358K	362K	341K
Continuing Claims	9-Feb	3150K	3148K	3114K
Consumer Price Index (MoM)	31-Dec	0.1%	0.0%	0.0%

Canada	Period	Survey	Actual	Prior
None Scheduled				

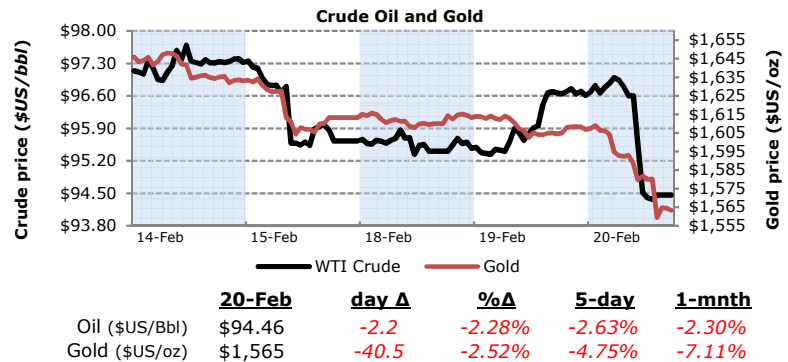
## Interest Rates



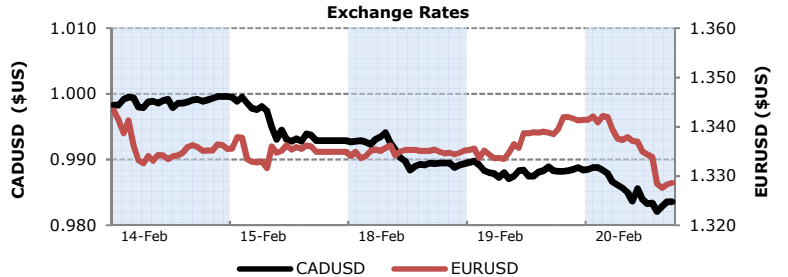
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	20-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.017	+0.005	1.002	0.993	0.989
EURUSD	\$1.328	-0.011	1.345	1.331	1.320
USDJPY	¥93.57	+0.000	93.480	89.60	81.81

Government 10-year Yields

	20-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.02%	-0.004%	1.94%	1.77%	2.09%
United States	2.01%	-0.019%	1.84%	1.68%	2.06%

## 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



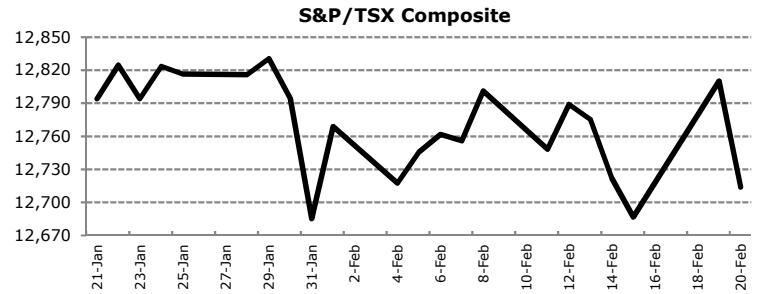
The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

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

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	<b>20-Feb</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,714.05	-96.16	-0.75%
<b>Trailing S&amp;P/TSX</b>			
5-day		-0.59%	-0.43%
1-month		-0.09%	+0.12%
3-months		+5.54%	+6.02%
6-months		+5.28%	+5.92%
12-months		+2.05%	+3.22%



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.42%	+1.14%	+2.24%	+18.68%
C. Staples	-0.51%	-0.12%	+2.74%	+25.91%
Energy	-0.70%	-1.35%	-0.35%	-11.06%
Financials	+0.14%	+1.47%	+3.02%	+13.51%
Healthcare	+0.06%	+1.72%	+6.02%	+16.40%
Info Tech	-1.36%	-3.55%	-1.02%	+10.90%
Industrials	-0.36%	+0.97%	+5.39%	+19.30%
Materials	-3.24%	-6.24%	-10.26%	-21.09%
Metals & Mining	-3.26%	-5.27%	-10.77%	-20.37%
Telecom	-0.78%	+2.28%	+3.95%	+15.29%
Utilities	-0.58%	-0.15%	-2.82%	-0.51%

### TSX Top Performers

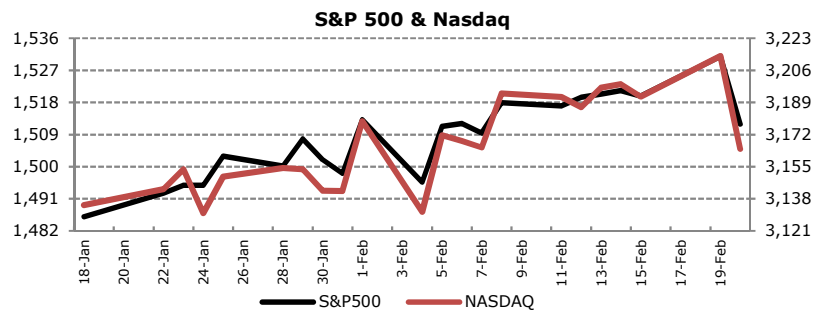
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Bombardier Inc-B	+4.14%	+4.65%	+3.88%	-8.35%
Shawcor Ltd-Class A	+2.93%	+0.13%	-4.60%	+25.24%
Transcontinental Inc-Cl A	+2.75%	+10.16%	+4.62%	+2.50%
Catamaran Corp	+2.41%	+7.18%	+8.72%	+82.17%
Enerflex Ltd	+2.33%	+4.00%	+3.92%	-1.62%

### TSX Worst Performers

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Premier Gold Mines Ltd	-10.32%	-19.65%	-30.33%	-50.36%
Colossus Minerals Inc	-8.26%	-19.01%	-32.97%	-56.93%
Pretium Resources Inc	-8.25%	-18.19%	-32.37%	-49.54%
Fortuna Silver Mines Inc	-8.02%	-15.95%	-13.91%	-42.31%
Detour Gold Corp	-7.66%	-11.58%	-19.29%	-31.81%

### US Indices

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
20-Feb	1,511.95	13,927.54	3,164.41
1-day	-1.24%	-0.77%	-1.53%
5-day	-0.49%	-0.65%	-0.69%
1-month	+1.75%	+2.04%	+0.95%
3-months	+8.95%	+8.91%	+8.49%
6-months	+6.62%	+4.94%	+2.87%
12-months	+11.07%	+7.55%	+7.20%



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.56%	-0.79%	+0.95%	+17.45%
C. Staples	-0.14%	+1.33%	+3.84%	+15.44%
Energy	-1.82%	-1.01%	+1.59%	+3.06%
Financials	-1.43%	-0.83%	+2.81%	+19.52%
Healthcare	-0.66%	+0.33%	+2.71%	+20.01%
Info Tech	-1.53%	-1.02%	-0.10%	+1.28%
Industrials	-1.35%	+0.23%	+2.26%	+10.29%
Materials	-2.83%	-3.47%	-3.39%	+1.57%
Telecom	-0.21%	-1.57%	+3.08%	+16.98%
Utilities	-0.22%	-0.17%	+2.97%	+5.61%

### DJIA Top Performers

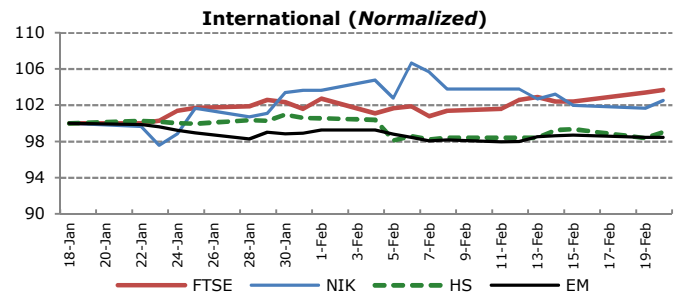
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Merck & Co. Inc.	+1.04%	+2.92%	-0.74%	+11.88%
Verizon Communications In	+0.94%	+1.08%	+5.59%	+16.71%
Wal-Mart Stores Inc	+0.65%	-3.07%	+0.01%	+15.22%

### DJIA Worst Performers

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Alcoa Inc	-3.31%	-2.99%	-2.67%	-15.85%
Bank Of America Corp	-3.20%	-3.67%	+5.92%	+45.50%
Unitedhealth Group Inc	-2.56%	-3.16%	+1.19%	-0.20%

### International Markets

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	6,395.37	11,468.28	23,307.41	1,063.99
1-day	+0.26%	+0.84%	+0.71%	+0.00%
5-day	+0.57%	+1.93%	+0.40%	+0.47%
1-month	+3.92%	+5.09%	-1.25%	+0.00%
3-months	+11.26%	+25.44%	+9.79%	+10.34%
6-months	+9.80%	+25.05%	+15.93%	+11.51%
12-months	+7.57%	+20.91%	+8.79%	+1.72%



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### Nymex WTI Crude Oil

(\$US/Bbl)	20-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$94.46	-\$2.20	-2.28%	-2.63%	-2.30%
Cal 13	\$95.55	-\$2.18	-2.23%	-3.23%	+1.12%
Cal 14	\$93.66	-\$1.37	-1.44%	-1.95%	+0.77%

(\$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	\$95.11	\$96.07	\$95.82	\$95.05	\$93.66

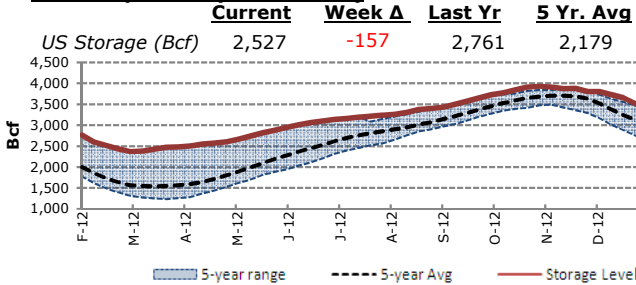
### Inventory Levels (as of Feb-08)

(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

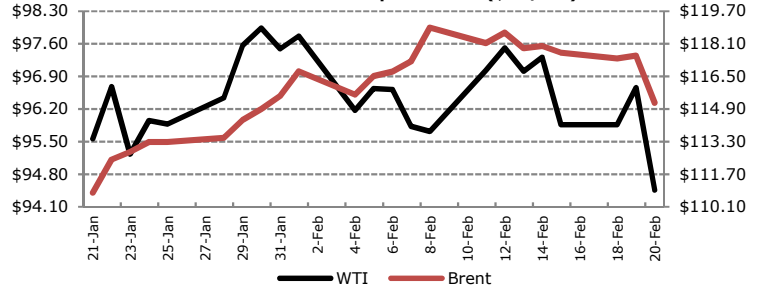
### Nymex Natural Gas

(\$US/MMbtu)	20-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.27	-\$0.00	-0.09%	+1.21%	-8.33%
Apr13-Oct13	\$3.46	-\$0.01	-0.42%	+0.27%	+3.63%
Nov13-Mar14	\$3.87	-\$0.02	-0.47%	-0.48%	+1.93%
Apr14-Oct14	\$3.94	-\$0.01	-0.27%	-0.02%	+2.18%
Nov14-Mar15	\$4.29	-\$0.01	-0.32%	-0.11%	+2.57%

### Inventory Levels (as of Feb-08)



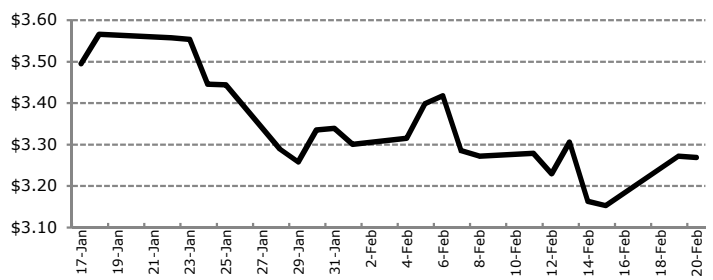
### Crude Oil Prompt Contract (\$US/Bbl)



### UK Brent Crude Oil

(\$US/Bbl)	20-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$115.20	-\$2.32	-2.01%	-2.27%	+2.47%

### Nat Gas Prompt (\$US/MMbtu)



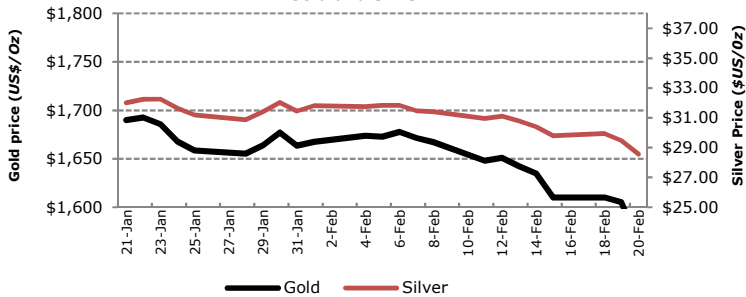
### Alberta Natural Gas

(\$CAD/GJ)	20-Feb	day Δ	%Δ
AECO Mar-13	\$2.89	-\$0.04	-1.4%

### Precious Metals

\$US/oz	20-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,564.55	-\$40.50	-2.5%	-4.7%	-7.1%	-9.5%
Silver	\$28.57	-\$0.91	-3.1%	-7.2%	-10.4%	-14.3%
Platinum	\$1,647	-\$47.50	-2.8%	-4.3%	-1.3%	+4.1%

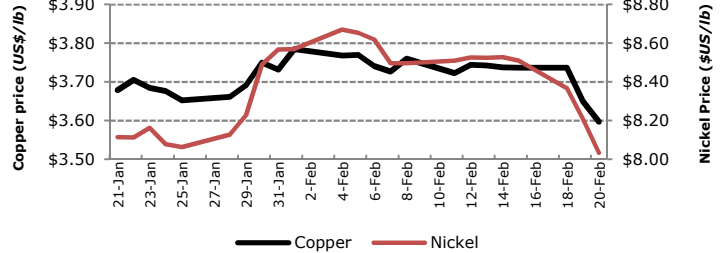
### Gold and Silver



### Industrial Metals

\$US/lb	20-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.60	-\$0.05	-1.4%	-3.9%	-2.2%	+2.9%
Nickel	\$8.03	-\$0.17	-2.1%	-5.8%	-2.4%	+2.8%
Zinc	\$1.05	+\$0.01	+0.6%	-2.2%	+4.9%	+11.5%
Aluminum	\$0.94	+\$0.00	0.0%	-1.1%	+2.2%	+8.0%
Uranium	\$43.00	+\$0.00	0.0%	-0.6%	+2.4%	+3.0%

### Copper and Nickel



### Agriculture & Other

	20-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$6.96	+\$0.04	+0.6%	+0.4%	-4.5%
Wheat (\$US/bu)	\$7.45	+\$0.06	+0.9%	+0.2%	-6.8%
Soybeans (\$US/bu)	\$14.69	+\$0.11	+0.8%	+3.9%	+3.7%
Rough Rice (\$US/cwt)	\$16.03	+\$0.10	+0.7%	+1.1%	+5.7%
Sugar #11 (¢US/lb)	¢18.13	+¢0.17	+0.9%	-0.4%	-2.1%
Lean Hogs (¢US/lb)	¢82.95	-¢0.10	-0.1%	-3.3%	-5.8%
Live Cattle (¢US/lb)	¢128.23	-¢1.33	-1.0%	-0.9%	-1.2%
Cotton No.2 (\$US/lb)	\$0.84	+\$0.00	+0.4%	+2.7%	+7.4%
Lumber (\$US/Mbft)	\$386.20	-\$4.20	-1.1%	-1.9%	+7.3%

### Commodity ETFs

	20-Feb	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$4.57	-\$0.22	-4.6%	-6.5%	-3.6%
HBP Nat Gas U	\$10.90	+\$0.01	+0.1%	+0.3%	-20.1%
HBP Comex Gold	\$15.53	-\$0.42	-2.6%	-5.4%	-8.5%
<b>\$USD</b>					
US Crude Oil	\$34.17	-\$0.79	-2.3%	-3.15%	-0.3%
US Nat Gas	\$18.32	+\$0.02	+0.1%	0.27%	-5.2%
PSDB Agriculture	\$26.52	+\$0.12	+0.5%	-0.79%	-4.9%
PSDB Base Metals	\$19.12	-\$0.21	-1.1%	-2.60%	+2.1%

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## Interest Rates

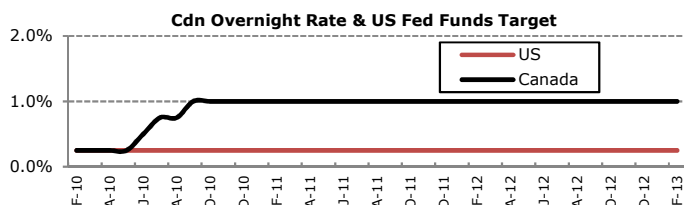
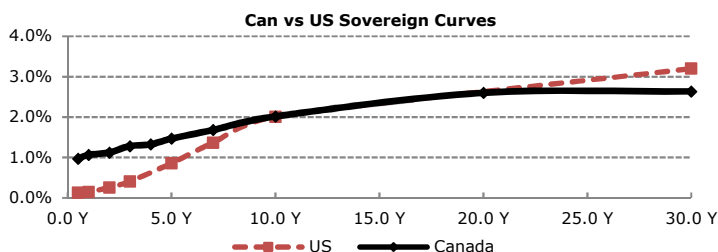
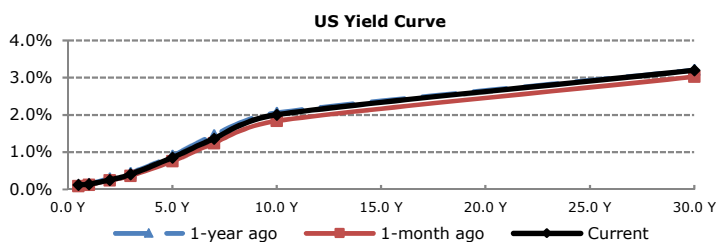
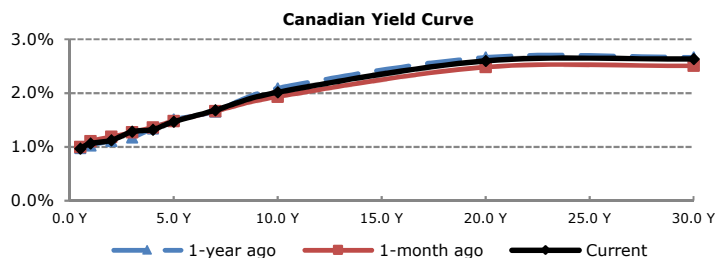
### Canadian yield curve

	20-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.95%	-	0.91%	0.96%	0.94%
6-mnth	0.97%	-	1.00%	1.02%	0.98%
12-mnth	1.06%	-0.00%	1.10%	1.07%	1.03%
2-year	1.12%	-0.01%	1.19%	1.11%	1.11%
5-year	1.47%	-0.01%	1.48%	1.36%	1.51%
10-year	2.02%	-0.00%	1.94%	1.77%	2.09%
20-year	2.60%	-0.01%	2.48%	2.32%	2.67%
30-year	2.64%	-0.01%	2.51%	2.36%	2.67%

### US yield curve

	20-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.12%	+0.01%	0.07%	0.09%	0.06%
6-mnth	0.13%	-	0.10%	0.14%	0.12%
12-mnth	0.15%	-0.01%	0.13%	0.17%	0.15%
2-year	0.26%	-0.01%	0.25%	0.27%	0.30%
5-year	0.86%	-0.03%	0.76%	0.68%	0.91%
10-year	2.01%	-0.02%	1.84%	1.68%	2.06%
30-year	3.20%	-0.01%	3.03%	2.82%	3.21%

	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	20-Feb	day Δ	Historical Levels			Spot	20-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.017	+0.005	0.993	0.997	0.989	CADJPY	¥92.03	-0.494	90.24	81.93	82.69
EURUSD	\$1.328	-0.011	1.331	1.282	1.320	CADAUD	\$0.959	+0.004	0.958	0.966	0.942
USDJPY	¥93.57	+0.000	89.60	81.68	81.81	GBPUSD	£1.549	-0.011	1.572	1.588	1.567
GBPUSD	\$1.523	-0.019	1.583	1.593	1.584	EURJPY	¥124.28	-0.990	119.30	104.69	107.97
AUDUSD	\$1.026	-0.010	1.052	1.039	1.073	EURAUD	\$1.30	+0.002	1.27	1.23	1.23

## Economic Releases

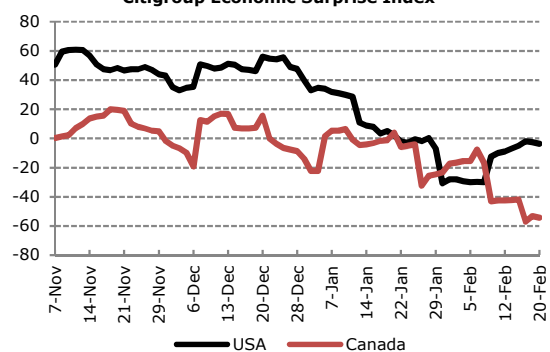
### United States

		Period	Survey	Actual	Prior
Wed, Feb 20	Housing Starts	31-Jan	920K	890K	954K
Wed, Feb 20	Producer Price Index (MoM)	31-Jan	0.3%	0.2%	-0.2%
Thu, Feb 21	Leading Indicators	31-Jan	0.2%	--	0.5%
Thu, Feb 21	Existing Home Sales	31-Dec	4.9M	--	4.94M
Thu, Feb 21	Continuing Claims	9-Feb	3150K	3148K	3114K
Thu, Feb 21	Intial Jobless Claims	16-Feb	358K	362K	341K
Thu, Feb 21	Consumer Price Index (MoM)	31-Dec	0.1%	0.0%	0%

### Canada

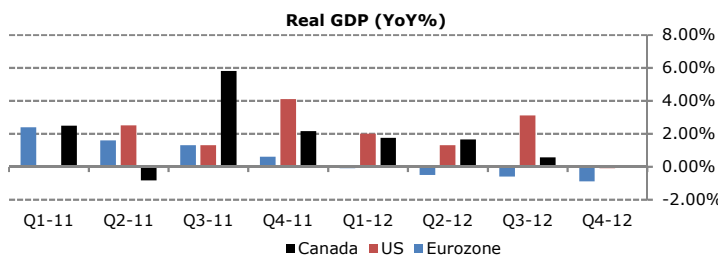
		Period	Survey	Actual	Prior
Fri, Feb 22	BOC CPI Core (YoY)	31-Jan	1%	--	1.1%
Fri, Feb 22	Retail Sales (MoM)	31-Dec	-0.3%	--	0.2%
Fri, Feb 22	Consumer Price Index	31-Jan	0.6%	--	0.8%

### Citigroup Economic Surprise Index



## Economics

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



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