

Today's Commentary

US Markets had the largest decline since Obama won re-election in November with the S&P 500 pulling back by 1.83 percent. The markets were spooked by Italian elections that indicated voters' rejection of austerity measures enacted through the course of the previous year and reignited fears about debt sustainability in the euro zone. The Dow Jones Industrial average dropped by 1.55 percent while the Nasdaq also fell 1.44 percent. The VIX Index, an indicator volatility, spiked by 34 percent. In Canada the S&P/TSX composite declined 0.40 percent to 12,651 while gold finished up at \$1,594. The split results in the Italian election indicates political deadlock over the coming months. In England, BOE Deputy Governor Paul Tucker has indicated that he is open to adding asset purchases to increase the central bank's flexibility to the battle the weak economic performance there.

Results from the Italian election indicate a stronger than expected showing by former prime minister Silvio Berlusconi's coalition as the centre-left coalition led by Pier Luigi Bersani was unable to win control of the upper house. Mr. Berlusconi had campaigned on anti-austerity policies and is seeking to reverse some of the reforms enacted by the previous government. Mr. Bersani's party was in favor of staying on course with the planned measures. The Five Star Movement, founded by former comedian Beppe Grillo, won 26 percent of the vote, the largest for any single party. The mixed results raises the prospect of a prolonged period of political instability and potential deadlock. Markets reacted as the results began trickling out and 10 year Italian yields spiked by 44 basis points to 4.9 percent before settling back down to 4.75 percent. The results are likely to frustrate Italy's European partners, who had hoped for a stable government that would be able to pursue the reforms mapped out by Mario Monti, the technocrat who led the previous government. Mr. Monti's party finished a distant fourth.

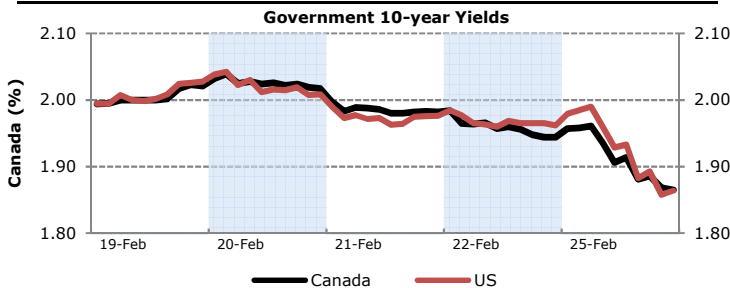
Bank of England Deputy Governor Paul Tucker has indicated that he is open to asset purchases as the central bank battles weak growth, joining a growing list of policy makers that have stated they are comfortable with more accommodation. In a testimony to Parliament's Treasury Committee, officials signalled that they would "look through" a period of above target inflation to help stimulate the fragile economy. Lack of growth has hindered the austerity measures enacted by Chancellor of the Exchequer George Osborne's deficit-reduction plans. Moody's downgraded Britain's triple A rating citing continued weakness in the economy that would reduce the effectiveness of austerity measures on fiscal consolidation. Bondholders seemed to have shrugged off the downgrade, with the yields falling further yesterday as results from the Italian election became apparent.

Today's Major Economic Releases

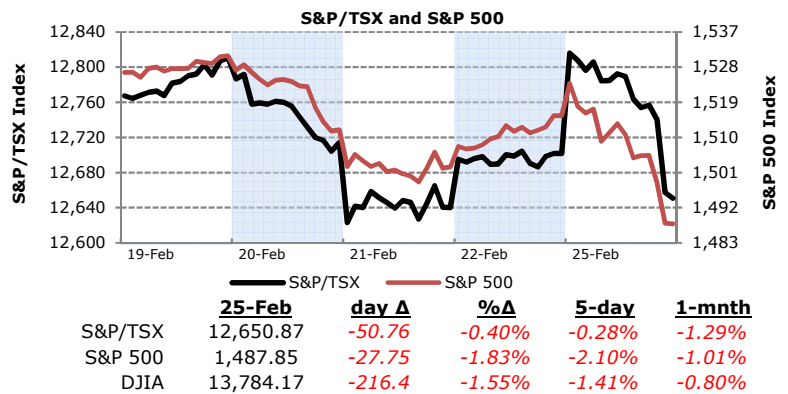
United States	Period	Survey	Actual	Prior
New Home Sales	31-Jan	380K	-	377K
Consumer Confidence	28-Feb	62	--	65.1

Canada	Period	Survey	Actual	Prior
None Scheduled				

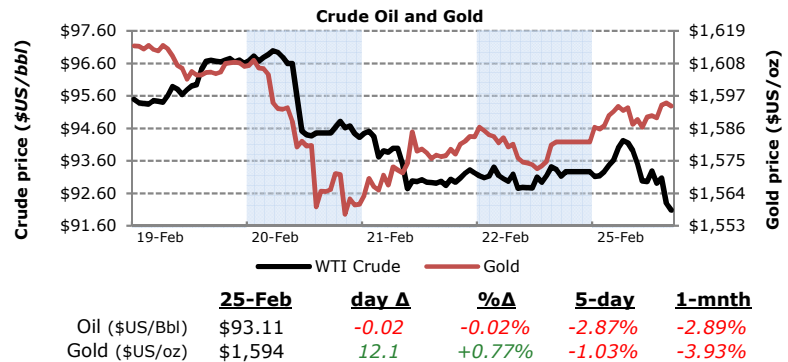
Interest Rates



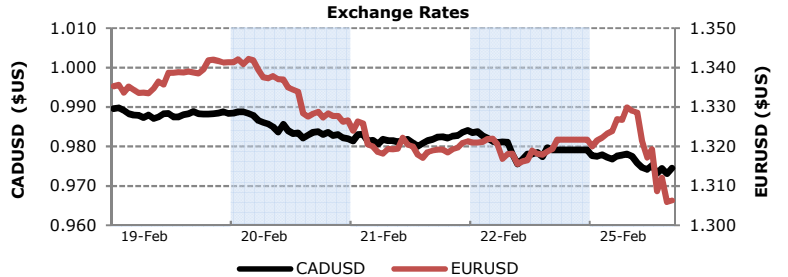
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	25-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.026	+0.005	1.006	1.003	0.997
EURUSD	\$1.306	-0.013	1.336	1.338	1.315
USDJPY	¥91.82	-1.600	93.500	90.33	81.09

Government 10-year Yields

	25-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.87%	-0.079%	1.95%	1.73%	2.02%
United States	1.86%	-0.098%	1.95%	1.64%	1.98%

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.

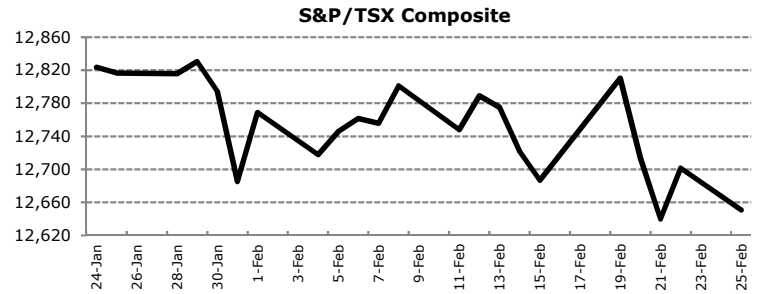
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	25-Feb	day Δ	%Δ
S&P/TSX	12,650.87	-50.76	-0.40%
Trailing S&P/TSX			
5-day		-0.28%	-0.15%
1-month		-1.29%	-1.41%
3-months		+3.58%	+3.89%
6-months		+4.71%	+5.49%
12-months		-0.59%	+0.49%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.32%	-0.43%	-0.60%	+14.29%
C. Staples	-0.93%	-0.31%	+1.68%	+26.64%
Energy	-1.00%	-0.64%	-3.10%	-14.92%
Financials	-0.78%	+0.50%	+0.97%	+11.80%
Healthcare	+0.56%	+1.32%	+3.03%	+10.61%
Info Tech	+0.35%	-1.13%	-5.13%	+9.31%
Industrials	-0.45%	-1.01%	+2.77%	+16.33%
Materials	+1.06%	-2.44%	-7.50%	-23.56%
Metals & Mining	-1.62%	-7.14%	-12.63%	-25.82%
Telecom	-0.45%	+1.06%	+3.63%	+14.67%
Utilities	-0.94%	+1.66%	-2.25%	-0.11%

TSX Top Performers

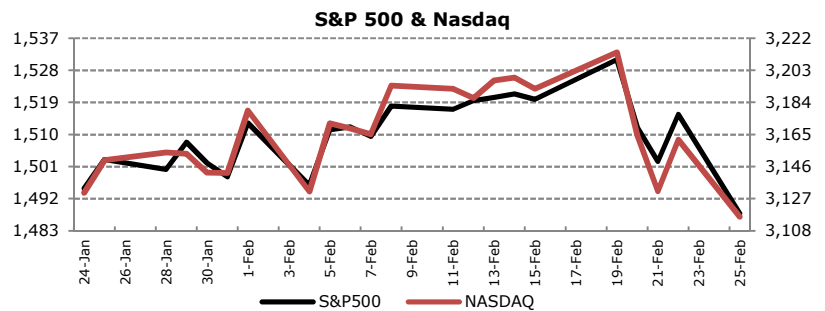
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Rubicon Minerals Corp	+13.02%	+9.95%	+0.00%	-35.54%
Endeavour Silver Corp	+7.08%	+1.93%	-11.19%	-41.31%
Detour Gold Corp	+6.68%	-1.68%	-6.58%	-26.26%
Eldorado Gold Corp	+6.33%	+3.17%	-9.78%	-30.76%
Torex Gold Resources Inc	+5.99%	-3.28%	-5.35%	-22.03%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Petrobank Energy & Resour	-8.86%	-13.25%	-20.00%	-46.28%
Thompson Creek Metals Co	-5.77%	-14.25%	-18.14%	-61.16%
Pengrowth Energy Corp	-5.31%	-8.07%	-12.21%	-58.63%
Calfrac Well Services Ltd	-3.60%	-5.45%	+1.63%	-8.32%
Paramount Resources Ltd -	-3.51%	+0.25%	+9.19%	-7.12%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
25-Feb	1,487.85	13,784.17	3,116.25
1-day	-1.83%	-1.55%	-1.44%
5-day	-2.10%	-1.41%	-2.37%
1-month	-1.01%	-0.80%	-1.06%
3-months	+5.58%	+5.95%	+5.04%
6-months	+5.44%	+4.76%	+1.51%
12-months	+8.94%	+6.17%	+5.15%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.64%	-3.02%	-2.98%	+15.50%
C. Staples	-1.33%	+0.34%	+2.55%	+14.74%
Energy	-2.51%	-2.92%	-2.46%	-1.15%
Financials	-2.69%	-2.93%	-1.39%	+17.74%
Healthcare	-1.21%	-1.29%	-0.17%	+18.72%
Info Tech	-1.60%	-2.26%	-0.83%	-0.99%
Industrials	-2.12%	-2.67%	-1.31%	+7.51%
Materials	-2.24%	-5.13%	-6.28%	-0.81%
Telecom	-0.69%	+0.72%	+2.44%	+16.57%
Utilities	-1.04%	+0.24%	+0.94%	+4.92%

DJIA Top Performers

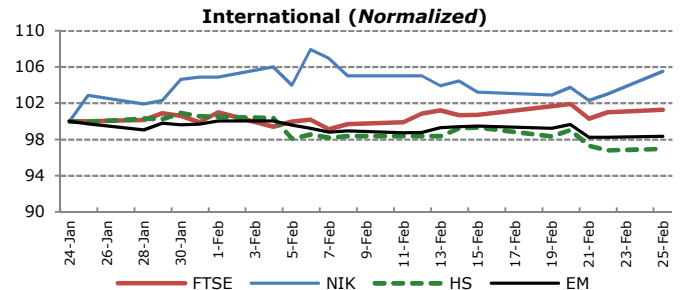
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Mcdonald'S Corp	+0.93%	+2.39%	+2.58%	-4.17%
Verizon Communications In	+0.70%	+2.97%	+7.15%	+19.87%
Wal-Mart Stores Inc	+0.06%	+1.65%	+2.09%	+19.82%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Bank Of America Corp	-3.58%	-8.31%	-5.08%	+39.97%
Caterpillar Inc	-2.60%	-6.75%	-6.72%	-23.14%
Alcoa Inc	-2.55%	-9.66%	-6.76%	-19.27%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,355.37	11,662.52	22,820.08	1,054.41
1-day	+0.31%	+2.43%	+0.17%	+0.10%
5-day	+0.59%	+2.23%	-2.40%	-1.14%
1-month	+1.13%	+6.73%	-3.22%	-1.38%
3-months	+9.21%	+24.51%	+4.13%	+5.87%
6-months	+10.02%	+28.57%	+14.79%	+9.21%
12-months	+7.08%	+20.89%	+6.60%	-1.23%



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Interest Rates

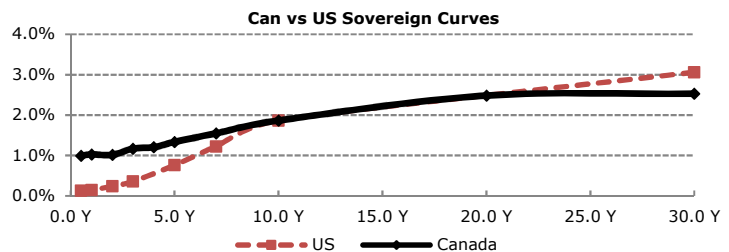
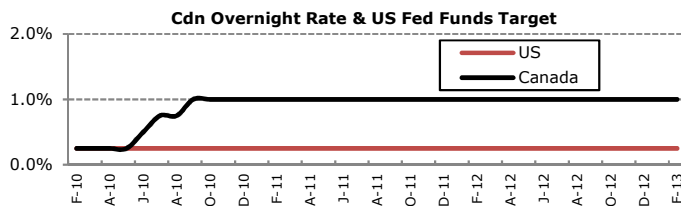
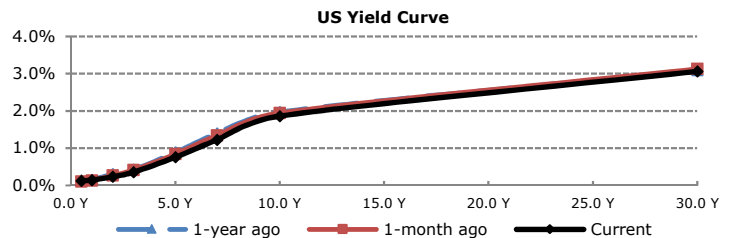
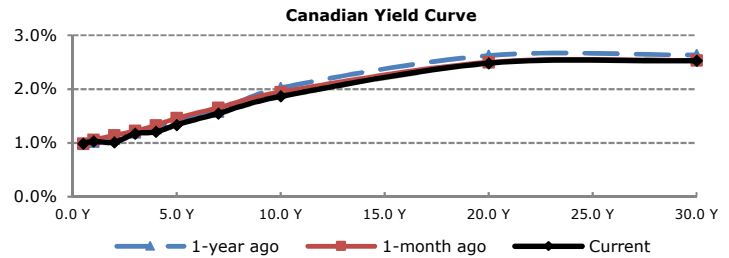
Canadian yield curve

	25-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.96%	-	0.92%	0.96%	0.94%
6-mnth	0.99%	-0.01%	0.99%	1.02%	0.98%
12-mnth	1.03%	-0.01%	1.06%	1.07%	1.02%
2-year	1.01%	-0.05%	1.14%	1.10%	1.07%
5-year	1.34%	-0.07%	1.46%	1.32%	1.43%
10-year	1.87%	-0.08%	1.95%	1.73%	2.02%
20-year	2.48%	-0.06%	2.50%	2.27%	2.62%
30-year	2.53%	-0.06%	2.54%	2.31%	2.64%

US yield curve

	25-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.12%	-0.01%	0.07%	0.08%	0.09%
6-mnth	0.13%	-0.01%	0.11%	0.14%	0.13%
12-mnth	0.15%	-0.00%	0.14%	0.17%	0.16%
2-year	0.24%	-0.01%	0.27%	0.26%	0.30%
5-year	0.76%	-0.07%	0.85%	0.65%	0.89%
10-year	1.86%	-0.10%	1.95%	1.64%	1.98%
30-year	3.06%	-0.09%	3.13%	2.78%	3.10%

	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	25-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.026	+0.005		1.003	0.993	0.997
EURUSD	\$1.306	-0.013		1.338	1.298	1.315
USDJPY	¥91.82	-1.600		90.33	82.40	81.09
GBPUSD	\$1.516	+0.000		1.579	1.603	1.574
AUDUSD	\$1.026	-0.006		1.045	1.046	1.058

	Spot	25-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥89.47	-1.963		90.09	82.99	81.30
CADAUD	\$0.950	+0.002		0.954	0.963	0.947
GBP CAD	£1.556	+0.007		1.583	1.592	1.570
EURJPY	¥119.93	-3.290		120.83	106.94	106.63
EURAUD	\$1.27	-0.005		1.28	1.24	1.24

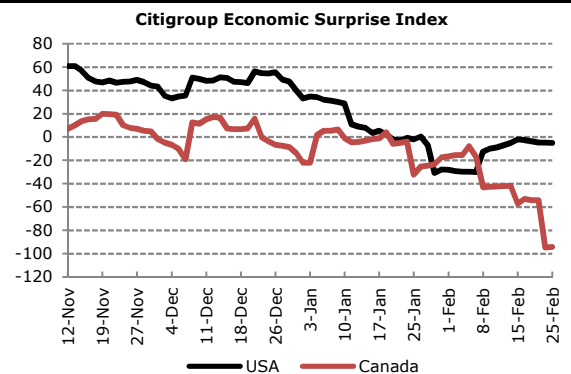
Economic Releases

United States

		Period	Survey	Actual	Prior
Tue, Feb 26	New Home Sales	31-Jan	380K	--	377K
Tue, Feb 26	Consumer Confidence	28-Feb	62	--	65.1
Wed, Feb 27	Durable Goods Orders	31-Jan	-4.7%	--	4.6%
Thu, Feb 28	Continuing Claims	16-Feb	3140K	--	3148K
Thu, Feb 28	Initial Jobless Claims	23-Feb	360K	--	362K
Thu, Feb 28	GDP QoQ (Annualized)	31-Mar	0.5%	--	0%
Fri, Mar 01	Personal Income	31-Jan	-2.4%	--	2.6%
Fri, Mar 01	ISM Manufacturing	28-Feb	0.1	--	53.1

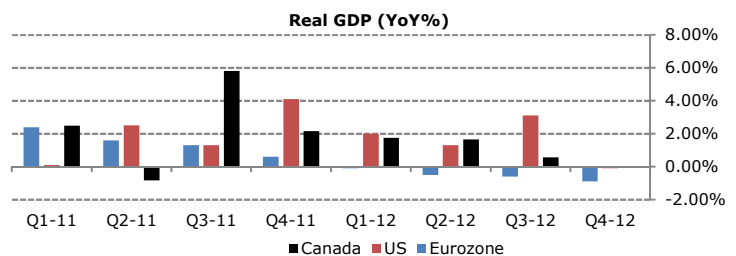
Canada

		Period	Survey	Actual	Prior
Fri, Mar 01	GDP MoM	31-Dec	-0.2%	--	0.3%



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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