

Today's Commentary

The S&P/TSX composite showed a small gain of 0.13 percent to close at 12,762 on Wednesday, as strong performance in financial stocks offset an unexpected fourth-quarter loss reported by Suncor Energy Inc, which sent shares down 5.38 percent. RBC and BMO led the Canadian banks with gains of 1.0 and 0.8 percent respectively. It was a slow day for markets in the U.S., with the Dow and S&P 500 each gaining 0.05 percent, while the Nasdaq dropped 0.10 percent, as there were no significant economic reports to trade on. The S&P/TSX continues to lag American markets, having gained about 3 percent so far in 2013, while the S&P 500 has rallied close to 6 percent. Financial stocks have led the index higher, having added 3.4 percent since the year began. The European Central Bank and Bank of England on Thursday have both kept rates unchanged.

Canadian Finance Minister Jim Flaherty suggested that modest fiscal spending cuts will be necessary to balance the federal budget by 2015 as promised by the Conservative party. He stated that he "[does] not see the need for additional stimulus" and that "we have to do more on the controlling our own spending side. But we don't have to slash and burn, we just have to be careful about government spending." Furthermore, he highlighted programs to encourage aboriginals to join the work force and to attract skilled immigrants to the country, emphasizing that "We need all hands on deck." In his speech on Wednesday, Flaherty remained optimistic about Canada's economic future despite the looming spending cuts, as he declared that "We're going to have terrific economic growth in Canada in the next decade."

The ECB left interest rates unchanged at its historical lows of 0.75 percent, in line with the consensus. There has been some speculation as to if the ECB would need to cut rates to counter balance weak growth in the Euro-zone in 2013, but early indicators suggest that growth may return later on in the year. A strong euro is a further concern as it is likely to hit export capacity and may force the ECB to revise down its growth projections in March – the currency reached a 14 month high against the dollar in recent weeks. Mario Draghi has shown no verbal indication that he intends to reverse the trend in the exchange rate thus far. In England, the BOE has kept its key rate at 0.5 percent and will continue bond purchases at around 375 billion pounds.

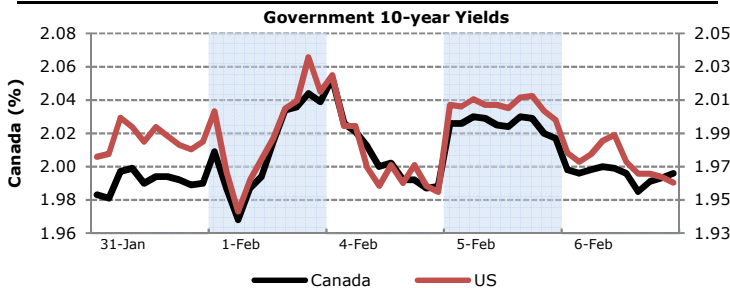
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

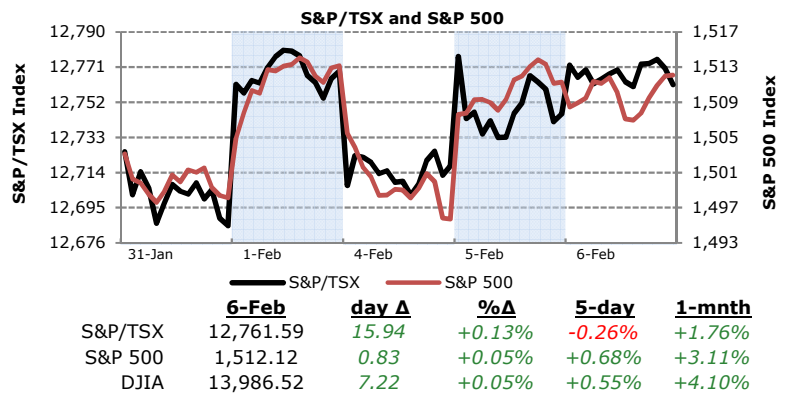
United States	Period	Survey	Actual	Prior
Continuing Claims	26-Jan	3216K	3224K	3197K
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Canada	Period	Survey	Actual	Prior
Building Permits (MoM)	31-Dec	5%	--	-17.9%

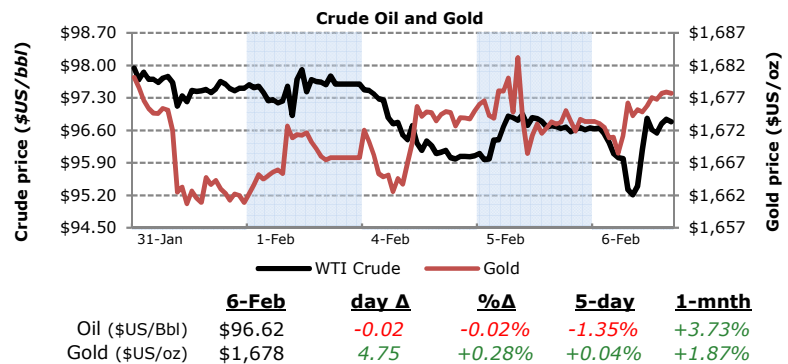
Interest Rates



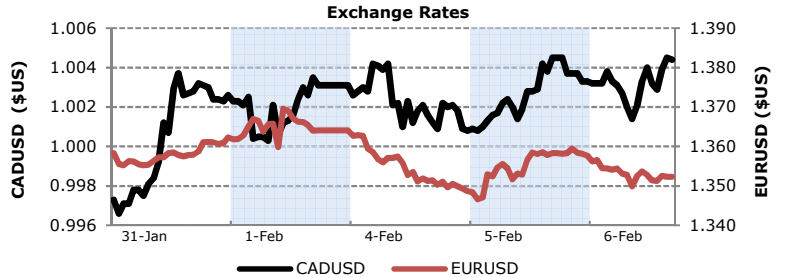
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	6-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.996	+0.000	1.001	0.987	0.994
EURUSD	\$1.352	-0.006	1.357	1.308	1.324
USDJPY	¥93.64	+0.010	91.080	87.05	79.63

Government 10-year Yields

	6-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.00%	-0.021%	1.94%	1.71%	2.04%
United States	1.96%	-0.038%	1.90%	1.61%	1.97%

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.

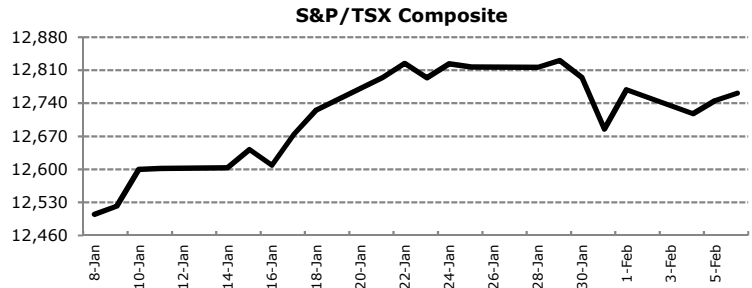
<http://www.rotman.utoronto.ca/financeassociation>

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	6-Feb	day Δ	%Δ
S&P/TSX	12,761.59	15.94	+0.13%
Trailing S&P/TSX			
5-day	-0.26%	-0.42%	
1-month	+1.76%	+1.78%	
3-months	+3.24%	+3.40%	
6-months	+9.42%	+10.00%	
12-months	+1.61%	+2.40%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.27%	-0.66%	+3.88%	+18.90%
C. Staples	+1.67%	+1.99%	+1.87%	+24.56%
Energy	-0.80%	-1.08%	+0.41%	-11.08%
Financials	+0.41%	-0.50%	+2.31%	+11.66%
Healthcare	+0.17%	+0.39%	+7.06%	+10.98%
Info Tech	+0.20%	+4.39%	+13.60%	+13.17%
Industrials	+0.20%	+0.55%	+5.56%	+13.93%
Materials	+0.17%	-0.62%	-2.31%	-17.31%
Metals & Mining	+0.15%	-0.49%	-3.68%	-17.51%
Telecom	+0.47%	+0.61%	+2.70%	+11.96%
Utilities	-0.37%	-1.32%	+2.11%	+2.35%

TSX Top Performers

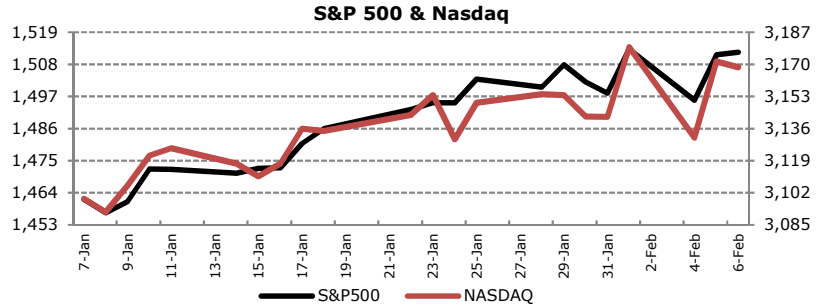
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Detour Gold Corp	+7.01%	+6.40%	-7.46%	-20.08%
Agf Management Ltd-Class	+4.92%	+10.35%	+21.22%	-24.48%
Alimentation Couche-Tard	+4.70%	+7.35%	+7.68%	+75.27%
Genworth Mi Canada Inc	+4.01%	+1.57%	+5.57%	+11.65%
Celestica Inc	+3.46%	+0.12%	-2.18%	-3.46%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Suncor Energy Inc	-5.38%	-5.38%	-3.13%	-5.98%
Centerra Gold Inc	-4.21%	-6.72%	-12.31%	-57.34%
Pretium Resources Inc	-3.65%	-5.59%	-15.22%	-36.15%
Intact Financial Corp	-3.26%	-3.73%	-1.26%	+4.42%
Osisko Mining Corp	-2.69%	-7.25%	-16.94%	-44.56%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
6-Feb	1,512.12	13,986.52	3,168.48
1-day	+0.05%	+0.05%	-0.10%
5-day	+0.68%	+0.55%	+0.83%
1-month	+3.11%	+4.10%	+2.15%
3-months	+5.86%	+5.59%	+5.20%
6-months	+8.46%	+6.62%	+5.97%
12-months	+12.48%	+8.89%	+9.18%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.19%	+0.12%	+3.49%	+19.92%
C. Staples	+0.14%	+1.00%	+4.09%	+15.24%
Energy	+0.03%	+0.19%	+4.91%	+5.14%
Financials	+0.16%	+1.21%	+3.12%	+20.19%
Healthcare	-0.06%	+0.45%	+5.54%	+20.13%
Info Tech	-0.15%	+0.81%	+0.31%	+4.67%
Industrials	+0.02%	+0.63%	+3.59%	+9.55%
Materials	+0.16%	+0.01%	+1.78%	+4.27%
Telecom	+0.28%	+2.31%	+0.52%	+19.62%
Utilities	+0.22%	+0.19%	+2.25%	+5.58%

DJIA Top Performers

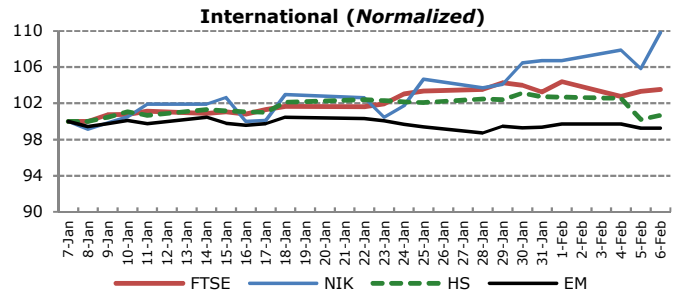
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
3M Co	+1.18%	+1.88%	+7.63%	+16.84%
Johnson & Johnson	+0.98%	+1.75%	+5.37%	+15.52%
Wal-Mart Stores Inc	+0.76%	+2.24%	+3.26%	+15.59%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Intel Corp	-0.90%	-1.78%	-0.80%	-21.21%
Intl Business Machines Co	-0.87%	-1.23%	+3.62%	+3.97%
Merck & Co. Inc.	-0.82%	-5.54%	-2.00%	+6.37%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,295.34	11,463.75	23,256.93	1,067.61
1-day	+0.20%	+3.77%	+0.47%	+0.00%
5-day	-0.44%	+5.49%	-2.37%	-0.06%
1-month	+3.37%	+7.26%	-0.32%	+0.00%
3-months	+6.97%	+27.73%	+5.98%	+7.12%
6-months	+8.38%	+31.37%	+16.29%	+11.42%
12-months	+6.84%	+28.38%	+12.30%	+2.93%



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Nymex WTI Crude Oil

(\$US/Bbl)	6-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$96.62	-\$0.02	-0.02%	-1.35%	+3.73%
Cal 13	\$97.80	+\$0.07	+0.07%	-0.67%	+7.88%
Cal 14	\$95.26	+\$0.26	+0.27%	+0.76%	+5.34%

(\$US/bbl)	Q2-13	Q3-13	Q4-13	Q1-14	2014
Consensus Forecast	\$94.50	\$96.75	\$98.14	\$99.00	\$98.00
Current Forward	\$97.54	\$98.34	\$97.92	\$96.88	\$95.26

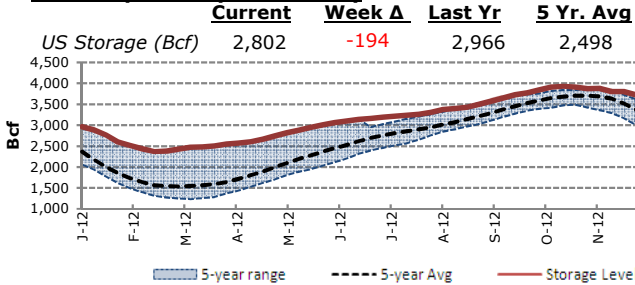
Inventory Levels (as of Feb-01)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	371,685	+2,623	337,426	319,411
Motor Gas	234,039	+1,738	214,389	200,481
Distillates	129,581	-1,042	171,756	140,851

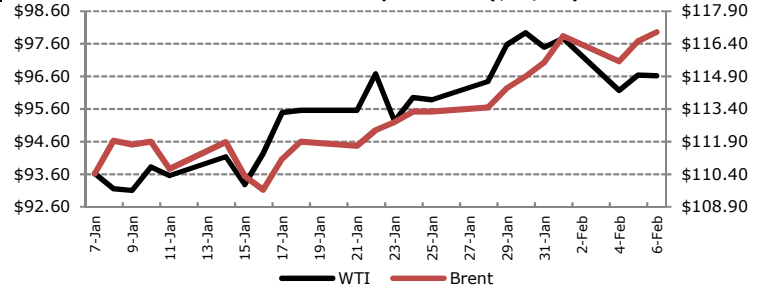
Nymex Natural Gas

(\$US/MMbtu)	6-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.42	+\$0.02	+0.56%	+2.49%	+4.65%
Apr13-Oct13	\$3.61	+\$0.01	+0.15%	+2.15%	-1.17%
Nov13-Mar14	\$4.02	+\$0.00	+0.06%	+1.48%	-0.52%
Apr14-Oct14	\$4.02	-\$0.00	-0.09%	+0.92%	-0.25%
Nov14-Mar15	\$4.37	-\$0.00	-0.05%	+0.78%	+3.49%

Inventory Levels (as of Jan-25)



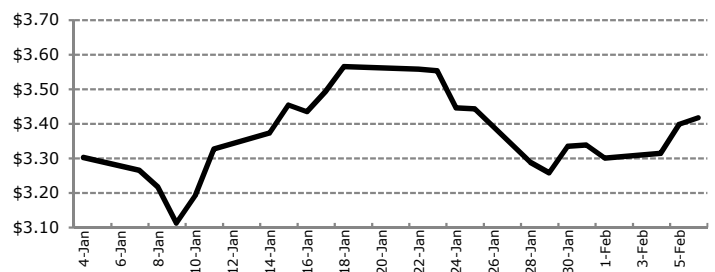
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	6-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$116.94	+\$0.42	+0.36%	+1.78%	+4.47%

Nat Gas Prompt (\$US/MMbtu)



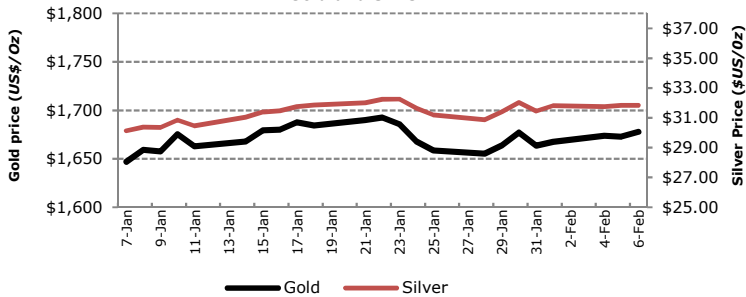
Alberta Natural Gas

(\$CAD/GJ)	6-Feb	day Δ	%Δ
AECO Mar-13	\$2.95	+\$0.01	+0.3%

Precious Metals

\$US/oz	6-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,677.70	+\$4.75	+0.3%	+0.0%	+1.9%	-3.1%
Silver	\$31.83	+\$0.00	+0.0%	-0.6%	+5.6%	-1.5%
Platinum	\$1,736	+\$26.00	+1.5%	+2.9%	+11.6%	+12.5%

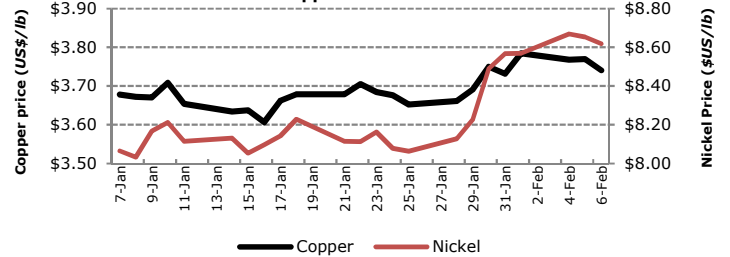
Gold and Silver



Industrial Metals

\$US/lb	6-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.74	-\$0.03	-0.8%	-0.3%	+1.7%	+7.8%
Nickel	\$8.62	-\$0.03	-0.4%	+1.5%	+6.9%	+15.0%
Zinc	\$1.05	-\$0.00	-0.4%	+0.8%	+7.0%	+12.0%
Aluminum	\$0.94	+\$0.00	0.0%	+1.1%	+3.3%	+9.3%
Uranium	\$43.50	-\$0.15	-0.3%	-0.6%	+2.4%	+7.0%

Copper and Nickel



Agriculture & Other

	6-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.23	-\$0.07	-0.9%	-2.4%	+5.4%
Wheat (\$US/bu)	\$7.62	+\$0.04	+0.5%	-3.2%	+1.4%
Soybeans (\$US/bu)	\$14.88	-\$0.08	-0.5%	+0.6%	+7.1%
Rough Rice (\$US/cwt)	\$16.20	+\$0.05	+0.3%	+5.2%	+6.5%
Sugar #11 (¢US/lb)	¢18.19	¢0.37	-2.0%	-2.8%	-3.6%
Lean Hogs (¢US/lb)	¢86.25	¢1.45	-1.7%	-3.4%	-3.7%
Live Cattle (¢US/lb)	¢131.45	¢0.85	-0.6%	-1.1%	-3.8%
Cotton No.2 (\$US/lb)	\$0.82	+\$0.00	+0.3%	-1.5%	+7.9%
Lumber (\$US/Mbft)	\$389.00	+\$10.00	+2.6%	+13.5%	+1.9%

Commodity ETFs

	6-Feb	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.82	+\$0.02	+0.4%	-2.4%	+6.2%
HBP Nat Gas U	\$12.21	+\$0.21	+1.8%	+6.4%	+11.6%
HBP Comex Gold	\$16.69	+\$0.04	+0.2%	+0.1%	+1.0%
\$USD					
US Crude Oil	\$35.04	+\$0.01	+0.0%	-1.27%	+3.4%
US Nat Gas	\$19.36	+\$0.18	+0.9%	3.14%	+5.1%
PSDB Agriculture	\$27.35	-\$0.34	-1.2%	-1.94%	-1.0%
PSDB Base Metals	\$19.55	-\$0.09	-0.5%	0.21%	+2.2%

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Interest Rates

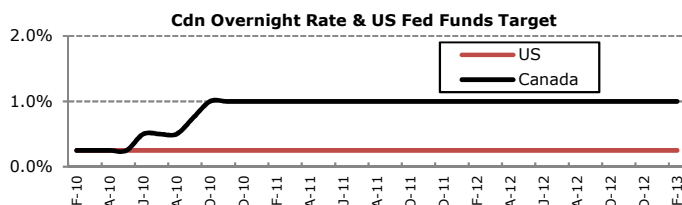
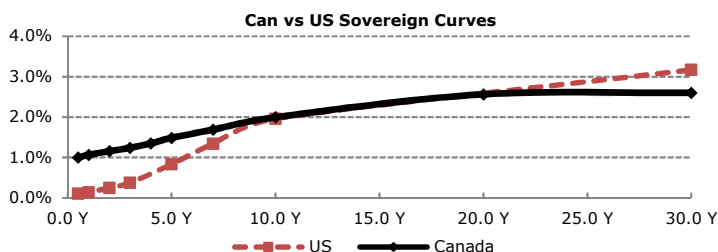
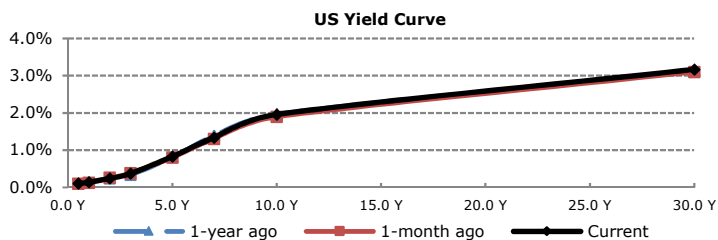
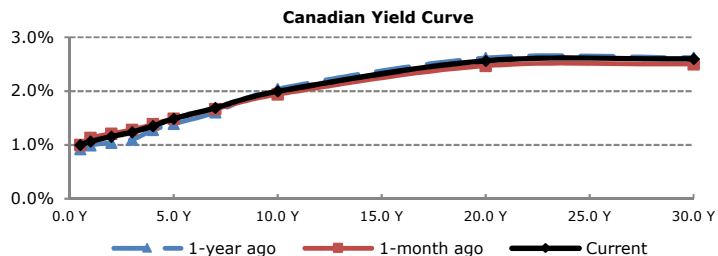
Canadian yield curve

	6-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.94%	-	0.91%	0.98%	0.88%
6-mnth	1.00%	-	1.00%	1.01%	0.92%
12-mnth	1.07%	-0.02%	1.13%	1.07%	0.99%
2-year	1.16%	-0.01%	1.21%	1.07%	1.04%
5-year	1.49%	-0.02%	1.49%	1.30%	1.39%
10-year	2.00%	-0.02%	1.94%	1.71%	2.04%
20-year	2.56%	-0.02%	2.47%	2.27%	2.62%
30-year	2.60%	-0.02%	2.50%	2.31%	2.62%

US yield curve

	6-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.07%	-0.01%	0.06%	0.09%	0.08%
6-mnth	0.11%	-	0.10%	0.14%	0.11%
12-mnth	0.14%	+0.01%	0.13%	0.17%	0.13%
2-year	0.25%	-0.01%	0.26%	0.26%	0.25%
5-year	0.83%	-0.03%	0.81%	0.64%	0.81%
10-year	1.96%	-0.04%	1.90%	1.61%	1.97%
30-year	3.17%	-0.04%	3.10%	2.75%	3.14%

	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	6-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$0.996	+0.000		0.987	0.997	0.994
EURUSD	\$1.352	-0.006		1.308	1.277	1.324
USDJPY	¥93.64	+0.010		87.05	80.00	79.63
GBPUSD	\$1.566	+0.000		1.606	1.599	1.585
AUDUSD	\$1.032	-0.007		1.050	1.041	1.076

	Spot	6-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥94.04	-0.010		88.22	80.26	80.15
CADAUD	\$0.973	+0.006		0.965	0.964	0.936
GBPUSD	£1.559	+0.000		1.584	1.593	1.575
EURJPY	¥126.63	-0.550		113.86	102.16	105.46
EURAUD	\$1.31	+0.003		1.25	1.23	1.23

Economic Releases

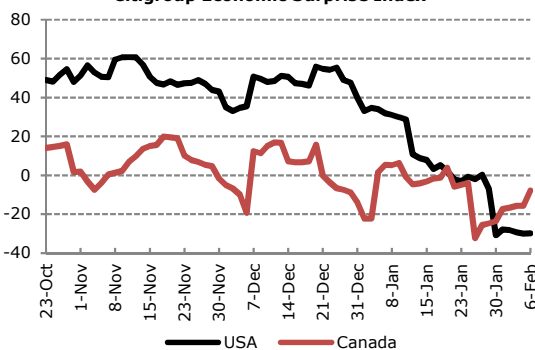
United States

		Period	Survey	Actual	Prior
Mon, Feb 04	Factory Orders	31-Dec	2.3%	1.8%	0%
Thu, Feb 07	Continuing Claims	26-Jan	3216K	3224K	3197K
Thu, Feb 07	Initial Jobless Claims	2-Feb	360K	366K	368K
Fri, Feb 08	Trade Balance	31-Dec	-46B	--	-48.7B

Canada

		Period	Survey	Actual	Prior
Thu, Feb 07	Building Permits (MoM)	31-Dec	5%	--	-17.9%
Fri, Feb 08	Net Change in Employment	31-Jan	5K	--	39.8K
Fri, Feb 08	Unemployment	31-Jan	7.2%	--	7.1%
Fri, Feb 08	Housing Starts	31-Jan	195K	--	198K

Citigroup Economic Surprise Index



Economics

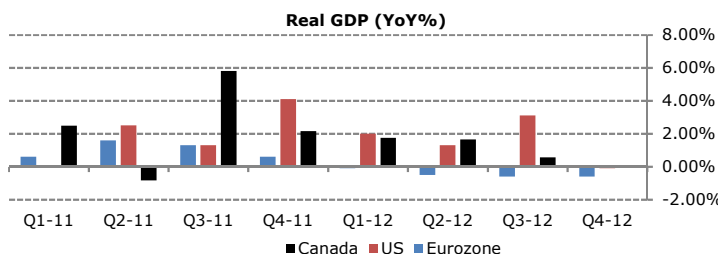
Canada	Q1-12	Q2-12	Q3-12	Q4-12	2012E
Real GDP	1.74%	1.65%	0.57%	NA	2.00%
CPI	2.33%	1.57%	1.23%	0.93%	1.60%
Unemployment	7.20%	7.20%	7.30%	7.10%	7.30%

US

Real GDP	2.00%	1.30%	3.10%	-0.10%	2.30%
CPI	2.83%	1.90%	1.70%	1.90%	2.10%
Unemployment	8.20%	8.20%	7.80%	7.80%	8.10%

China

Real GDP	8.10%	7.60%	7.40%	7.90%	7.80%
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