

Today's Commentary

Markets recovered for the most part on Thursday afternoon after trading sharply lower in the morning. The S&P/TSX composite ended down 0.04 percent, while the S&P 500 and Dow fared slightly worse, closing down 0.18 percent and 0.30 percent respectively. The energy sector was a drag in Canada, dropping 0.4 percent. The materials sector was mixed, with losses from Teck Resources being partially offset by strong performance in gold stocks, including Goldcorp and Yamana Gold, which added 0.7 percent and 1.8 percent respectively. Meanwhile, there has been speculation that Moody's will find itself subject to more lawsuits in the future, contingent upon the outcome of the Department of Justice's case against Standard and Poor's.

While the U.S. Justice Department is currently focused on its lawsuit against Standard & Poor's, it is considering taking similar action against Moody's. Several states have also issued lawsuits, including Connecticut, which is bringing both S&P and Moody's to court in 2014. The cases are centered around attacking the rating agencies' claims that their ratings are objective and not under the influence of business relationships with the issuers of the securities in question. Specifically, Moody's code of conduct states that its ratings are "not ... affected by the existence of, or potential for, a business relationship between (Moody's) ... and the Issuer ..." However, the Connecticut lawsuit claims that "This representation by Moody's was false and Moody's knew it." Furthermore, the complaint references a case where Moody's rating of a collateralized debt obligation was rejected by an issuer and recommended for revision simply because S&P had offered a more favorable rating. S&P's parent company is down 25 percent on news of the lawsuit this week, while Moody's has sunk about 15 percent.

The Euro fell sharply against the USD and JPY on Thursday following dovish statements by European Central Bank (ECB) President Mario Draghi. The Euro has appreciated more strongly than many analysts have expected in recent months, which has resulted in concerns that the currency's strength will become a drag on exports. Draghi stated on Thursday that "The exchange rate is not a policy target, but it is important for growth and price stability and we certainly want to see whether the appreciation is sustained." While the ECB has chosen to keep the key interest rate at 0.75 percent, there is speculation that the strong Euro and economic risks that lie ahead will leave room for a rate cut in the future.

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.

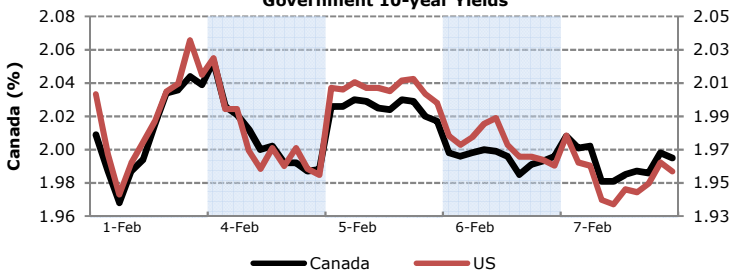
Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Trade Balance	30-Nov	-46B	-38.5B	-48.7B

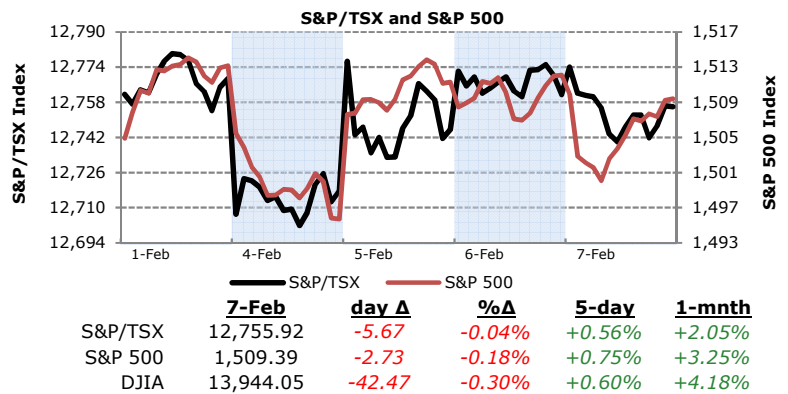
Canada	Period	Survey	Actual	Prior
Net Change in Employment	31-Jan	5K	(22K)	39.8K
Unemployment	31-Jan	7.2%	7.0%	7.1%
Housing Starts	31-Jan	195K	161K	198K

Interest Rates

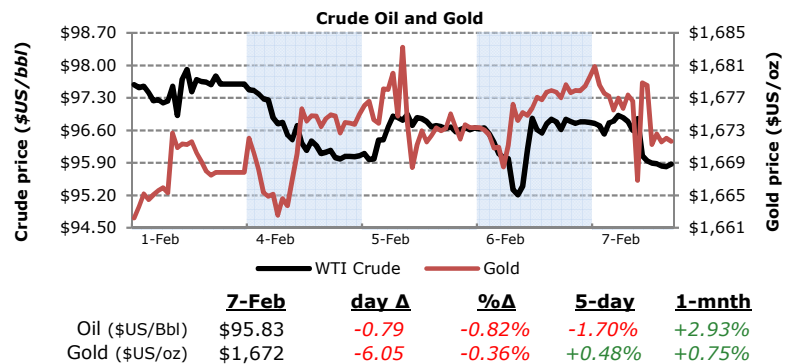
Government 10-year Yields



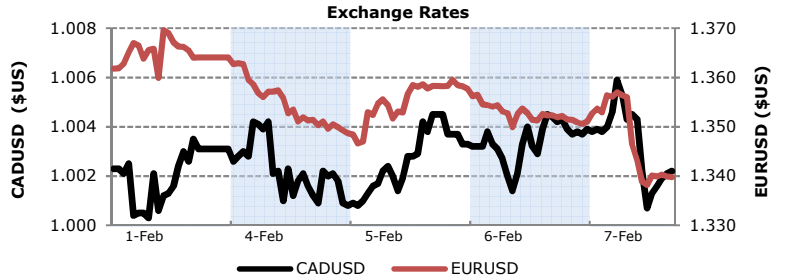
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	7-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.998	+0.002	0.997	0.988	0.997
EURUSD	\$1.340	-0.013	1.358	1.306	1.323
USDJPY	¥93.63	-0.010	91.710	87.88	79.74

Government 10-year Yields

	7-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.00%	-0.001%	1.91%	1.72%	2.07%
United States	1.96%	-0.004%	1.87%	1.61%	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.

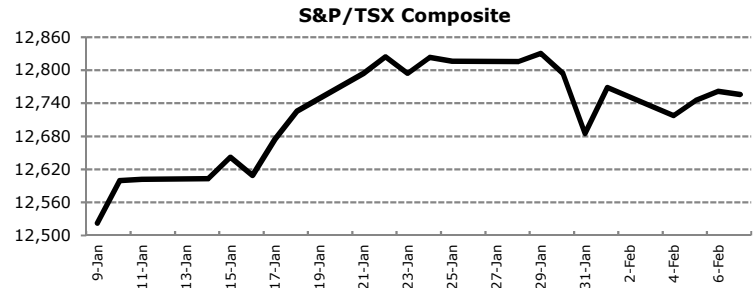
<http://www.rotman.utoronto.ca/financeassociation>

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	7-Feb	day Δ	%Δ
S&P/TSX	12,755.92	-5.67	-0.04%

	Trailing S&P/TSX	TSX 60
5-day	+0.56%	+0.49%
1-month	+2.05%	+2.18%
3-months	+4.30%	+4.57%
6-months	+7.52%	+7.96%
12-months	+1.95%	+2.66%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.30%	-0.08%	+3.73%	+19.28%
C. Staples	+0.45%	+3.10%	+3.03%	+25.05%
Energy	-0.42%	-0.35%	+0.64%	-10.36%
Financials	-0.09%	+0.09%	+2.25%	+11.59%
Healthcare	+1.12%	+2.54%	+6.80%	+13.22%
Info Tech	+1.47%	+7.37%	+15.62%	+15.13%
Industrials	+0.48%	+1.14%	+6.13%	+14.27%
Materials	+0.05%	+0.89%	-1.31%	-16.67%
Metals & Mining	-1.95%	-1.53%	-5.69%	-17.24%
Telecom	-0.43%	+0.04%	+2.72%	+11.25%
Utilities	+0.19%	-0.35%	+2.17%	+2.38%

TSX Top Performers

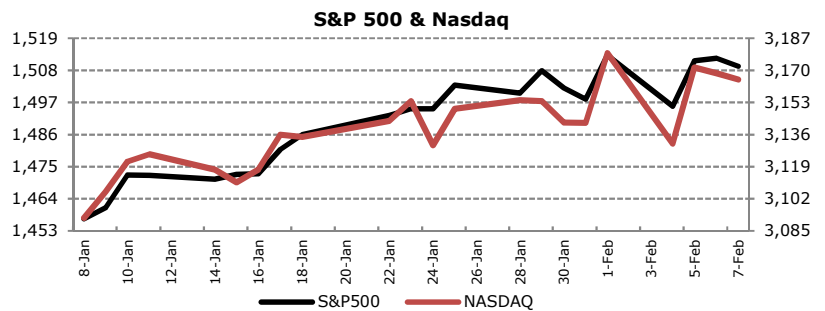
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Crew Energy Inc		+7.22%	+12.27%	-0.74%	-50.33%
Research In Motion		+5.82%	+30.88%	+43.79%	+3.11%
Westport Innovations Inc		+5.74%	+5.24%	+2.79%	-28.48%
Genivar Inc		+4.99%	+9.45%	+15.16%	-14.37%
Banro Corporation		+4.03%	+15.92%	+6.37%	-40.21%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Teck Resources Ltd-Cls B		-5.98%	-5.23%	-7.27%	-15.46%
Gildan Activewear Inc		-4.16%	-4.58%	-4.37%	+58.15%
Westjet Airlines Ltd		-4.07%	+0.33%	+5.93%	+57.00%
Petrobakken Energy Ltd		-3.14%	+1.59%	-17.60%	-42.54%
Hudbay Minerals Inc		-3.03%	-3.28%	+0.27%	-5.95%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
7-Feb	1,509.39	13,944.05	3,165.13
1-day	-0.18%	-0.30%	-0.11%
5-day	+0.75%	+0.60%	+0.73%
1-month	+3.25%	+4.18%	+2.14%
3-months	+8.24%	+7.82%	+7.76%
6-months	+7.71%	+5.89%	+4.95%
12-months	+12.05%	+8.28%	+8.99%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.28%	+0.37%	+3.49%	+19.11%
C. Staples	+0.53%	+1.68%	+5.34%	+15.79%
Energy	-0.53%	+0.20%	+5.21%	+4.08%
Financials	-0.39%	+0.99%	+3.05%	+19.82%
Healthcare	-0.36%	+0.45%	+4.81%	+19.36%
Info Tech	-0.02%	+0.76%	+0.51%	+4.33%
Industrials	-0.09%	+0.99%	+3.90%	+9.48%
Materials	-0.59%	+0.29%	+1.38%	+3.94%
Telecom	-0.38%	+1.47%	-0.43%	+19.15%
Utilities	+0.16%	+0.12%	+3.60%	+5.03%

DJIA Top Performers

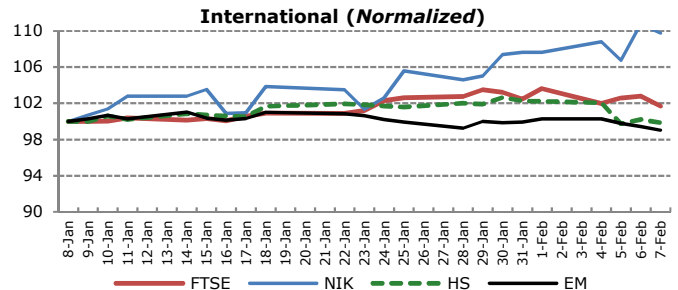
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
American Express Co		+2.61%	+5.66%	+3.81%	+20.33%
Coca-Cola Co/The		+1.57%	+4.48%	+4.32%	+13.89%
Boeing Co/The		+1.49%	+4.82%	+1.71%	+2.61%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Exxon Mobil Corp		-1.72%	-1.91%	+0.36%	+3.43%
Caterpillar Inc		-1.63%	-2.32%	+0.95%	-15.72%
Hewlett-Packard Co		-1.50%	-0.42%	+8.37%	-44.20%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,228.42	11,357.07	23,177.00	1,059.56
1-day	-1.06%	-0.93%	-0.34%	-0.39%
5-day	-0.77%	+2.19%	-2.33%	-0.88%
1-month	+2.70%	+7.15%	-0.65%	-1.51%
3-months	+7.54%	+26.57%	+4.87%	+5.17%
6-months	+6.63%	+29.01%	+15.47%	+9.48%
12-months	+5.74%	+27.36%	+11.97%	+1.05%



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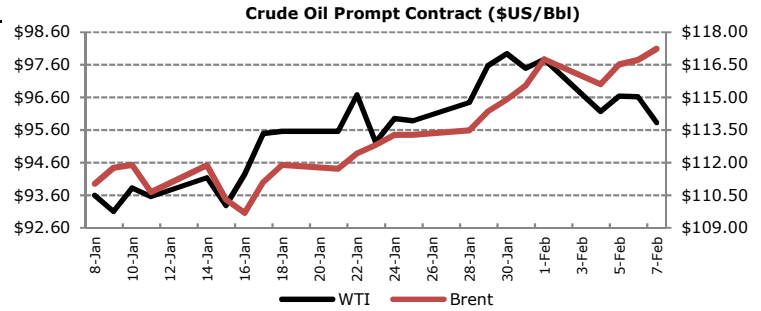
Nymex WTI Crude Oil

(\$US/Bbl)	7-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$95.83	-\$0.79	-0.82%	-1.70%	+2.93%
Cal 13	\$97.25	-\$0.55	-0.57%	-1.06%	+7.31%
Cal 14	\$95.04	-\$0.22	-0.23%	+0.41%	+5.11%

(\$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	\$96.86	\$97.81	\$97.55	\$96.59	\$95.04

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



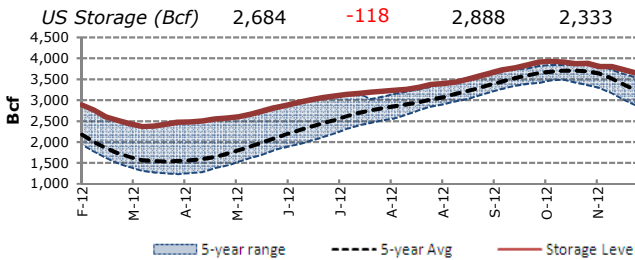
UK Brent Crude Oil

(\$US/Bbl)	7-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$117.24	+\$0.51	+0.44%	+1.46%	+4.90%

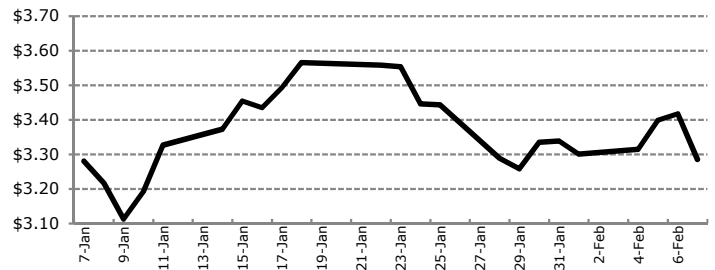
Nymex Natural Gas

(\$US/MMbtu)	7-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.29	-\$0.13	-3.89%	-1.62%	+2.08%
Apr13-Oct13	\$3.50	-\$0.11	-2.98%	-1.17%	-1.95%
Nov13-Mar14	\$3.93	-\$0.09	-2.18%	-0.98%	-1.40%
Apr14-Oct14	\$3.96	-\$0.07	-1.65%	-0.89%	-0.97%
Nov14-Mar15	\$4.31	-\$0.06	-1.44%	-0.78%	+2.90%

Inventory Levels (as of Feb-01)



Nat Gas Prompt (\$US/MMbtu)



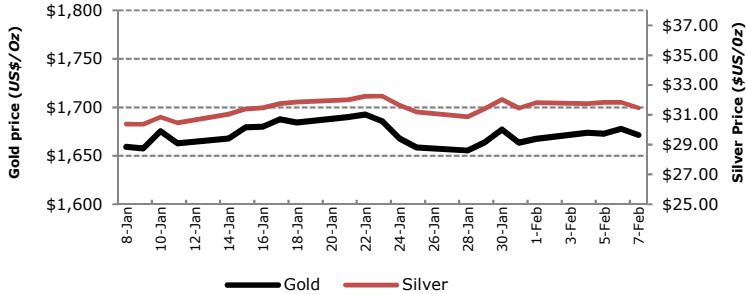
Alberta Natural Gas

(\$CAD/GJ)	7-Feb	day Δ	%Δ
AECO Mar-13	\$2.81	-\$0.14	-4.7%

Precious Metals

\$US/oz	7-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,671.65	-\$6.05	-0.4%	+0.5%	+0.7%	-3.4%
Silver	\$31.47	-\$0.36	-1.1%	+0.1%	+3.6%	-3.5%
Platinum	\$1,719	-\$17.00	-1.0%	+2.4%	+8.7%	+10.6%

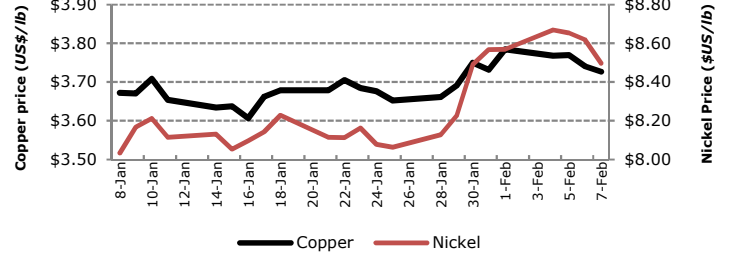
Gold and Silver



Industrial Metals

\$US/lb	7-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.73	-\$0.01	-0.4%	-0.1%	+1.5%	+8.2%
Nickel	\$8.50	-\$0.12	-1.4%	-0.8%	+5.8%	+14.0%
Zinc	\$1.05	+\$0.00	0.0%	-0.1%	+7.4%	+13.6%
Aluminum	\$0.94	+\$0.00	0.0%	0.0%	+2.2%	+9.3%
Uranium	\$43.40	-\$0.10	-0.2%	-0.8%	+2.7%	+5.2%

Copper and Nickel



Agriculture & Other

	7-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.11	-\$0.12	-1.6%	-4.0%	+3.2%
Wheat (\$US/bu)	\$7.56	-\$0.06	-0.7%	-3.0%	+0.7%
Soybeans (\$US/bu)	\$14.87	-\$0.01	-0.1%	+1.2%	+7.2%
Rough Rice (\$US/cwt)	\$16.12	-\$0.08	-0.5%	+4.0%	+6.0%
Sugar #11 (¢US/lb)	¢18.16	¢0.03	+0.2%	-3.3%	-2.7%
Lean Hogs (¢US/lb)	¢86.53	¢0.28	+0.3%	-3.2%	-3.8%
Live Cattle (¢US/lb)	¢131.53	¢0.08	+0.1%	-1.0%	-3.5%
Cotton No.2 (\$US/lb)	\$0.81	-\$0.00	-0.4%	-1.9%	+8.4%
Lumber (\$US/Mbft)	\$382.80	-\$6.20	-1.6%	+8.5%	+1.8%

Commodity ETFs

	7-Feb	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.73	-\$0.09	-1.9%	-3.5%	+4.9%
HBP Nat Gas U	\$11.19	-\$1.02	-8.4%	-2.5%	+9.5%
HBP Comex Gold	\$16.72	+\$0.03	+0.2%	+1.0%	+1.3%
\$USD					
US Crude Oil	\$34.68	-\$0.36	-1.0%	-1.70%	+2.2%
US Nat Gas	\$18.54	-\$0.82	-4.2%	-1.17%	+0.8%
PSDB Agriculture	\$27.19	-\$0.16	-0.6%	-2.58%	-2.3%
PSDB Base Metals	\$19.45	-\$0.10	-0.5%	0.00%	+2.3%

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Interest Rates

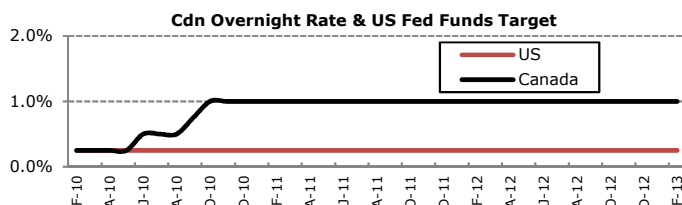
Canadian yield curve

	7-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.94%	-	0.91%	0.98%	0.89%
6-mnth	1.00%	-	0.99%	1.02%	0.93%
12-mnth	1.07%	-	1.11%	1.07%	0.99%
2-year	1.15%	-0.00%	1.17%	1.08%	1.08%
5-year	1.48%	-0.00%	1.45%	1.30%	1.42%
10-year	2.00%	-0.00%	1.91%	1.72%	2.07%
20-year	2.57%	+0.00%	2.45%	2.27%	2.64%
30-year	2.60%	+0.00%	2.48%	2.31%	2.64%

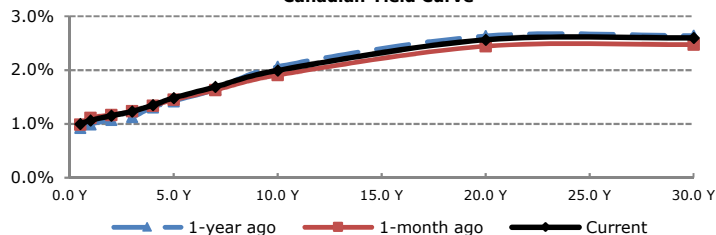
US yield curve

	7-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.07%	-	0.05%	0.09%	0.08%
6-mnth	0.11%	-	0.10%	0.14%	0.11%
12-mnth	0.14%	-	0.13%	0.17%	0.14%
2-year	0.25%	+0.00%	0.25%	0.26%	0.25%
5-year	0.83%	-0.01%	0.79%	0.64%	0.83%
10-year	1.96%	-0.00%	1.87%	1.61%	1.98%
30-year	3.17%	+0.00%	3.07%	2.74%	3.15%

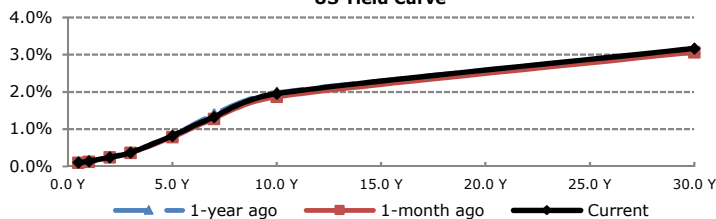
	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	6-Mar-13	1.00%
US Fed Funds	0.25%	0.25%	20-Mar-13	0.25%



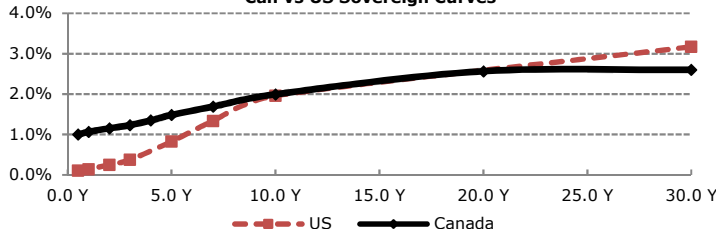
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	7-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$0.998	+0.002		0.988	1.000	0.997
EURUSD	\$1.340	-0.013		1.306	1.275	1.323
USDJPY	¥93.63	-0.010		87.88	79.47	79.74
GBPUSD	\$1.572	+0.005		1.602	1.598	1.578
AUDUSD	\$1.028	-0.004		1.051	1.041	1.066

	Spot	7-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥93.83	-0.217		88.98	79.44	79.99
CADAUD	\$0.975	+0.001		0.963	0.961	0.941
GBPCAD	£1.568	+0.009		1.582	1.599	1.573
EURJPY	¥125.44	-1.190		114.81	101.30	105.54
EURAUD	\$1.30	-0.007		1.24	1.23	1.24

Economic Releases

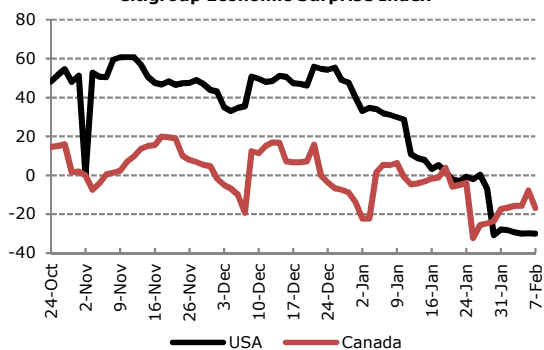
United States

		Period	Survey	Actual	Prior
Mon, Feb 04	Factory Orders	31-Dec	2.3%	1.8%	0%
Thu, Feb 07	Continuing Claims	26-Jan	3197K	3224K	3197K
Thu, Feb 07	Initial Jobless Claims	2-Feb	360K	366K	368%
Fri, Feb 08	Trade Balance	30-Nov	-46B	-38.5B	-48.7B

Canada

		Period	Survey	Actual	Prior
Thu, Feb 07	Building Permits (MoM)	31-Dec	5%	-11.2%	-17.9%
Fri, Feb 08	Net Change in Employment	31-Jan	5K	(22K)	39.8K
Fri, Feb 08	Unemployment	31-Jan	7.2%	7.00%	7.1%
Fri, Feb 08	Housing Starts	31-Jan	195K	161K	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%

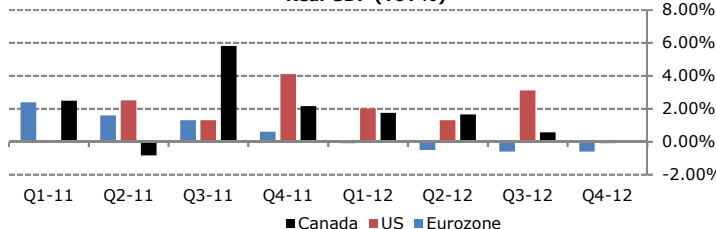
US

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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Real GDP (YoY%)



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