

Today's Commentary

The S&P/TSX composite rose 0.70 percent on Thursday, while U.S. markets were down slightly, with the S&P 500 and Nasdaq losing 0.09 and 0.07 percent respectively. Royal Bank of Canada and Toronto Dominion Bank's quarterly earnings beat estimates, sending RBC shares up 0.90 percent and TD up 0.70 percent. Both firms raised their dividends. Industrial stocks were also up with Canadian National Railway leading the way with a 2.9 percent gain. There was continued weakness in the materials sector, with gold miners down 0.3 percent. The group is lagging the index badly this year, with losses of about 9 percent, as gold has lost some of its luster as a safe-haven asset. Also on Thursday, it was reported that Canada's trade deficit shrank in the fourth quarter of 2012 thanks to strong energy and food exports.

The U.S. commerce department has revised export numbers from the fourth quarter, indicating that GDP rose by 0.1 percent rather than declined by 0.1 percent as originally reported. The revised number is still a surprise to analyst's estimates, which had predicted 0.5 percent growth, and is the lowest growth since the first quarter of 2011. The low numbers are being attributed to reduced inventory and military spending, which is expected to rebound somewhat in 2013. However, the looming sequestration cuts to fiscal spending will likely put a damper on growth if they aren't averted. Consumer spending, which accounts for about 70 percent of U.S. GDP, grew at a modest 2.1 percent in the fourth quarter. One source for optimism is residential construction, which grew by 17.5 percent on an annual basis, as the low interest rate environment stimulated borrowing.

President Obama is meeting with congressional leaders today to discuss the automatic spending cuts due to come into effect starting today. The sequestration has been designed to cut 1.2 trillion dollars from the government's budget over the next nine years with 85 billion dollars of cuts to happen during the remainder of this year. The discussion today is not expected to yield a resolution and maybe be the opening of a long negotiation to reduce the spending cuts. Republican leaders have indicated that they are opposed to democratic proposals to raise new revenue through increased taxes. Unless a resolution is forthcoming in the next few weeks the Congressional Budget Office has estimated that the cuts would cause a 0.6 percent drag on economic growth this year, burdening a slow growing economy.

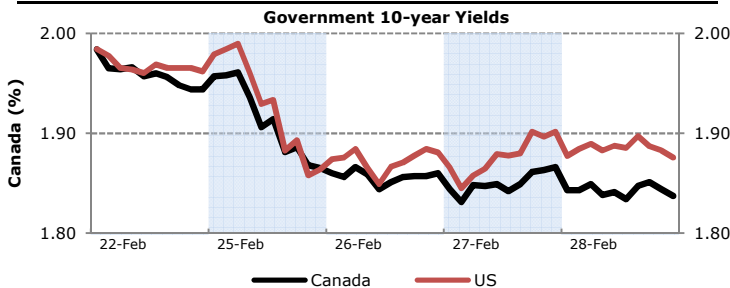
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

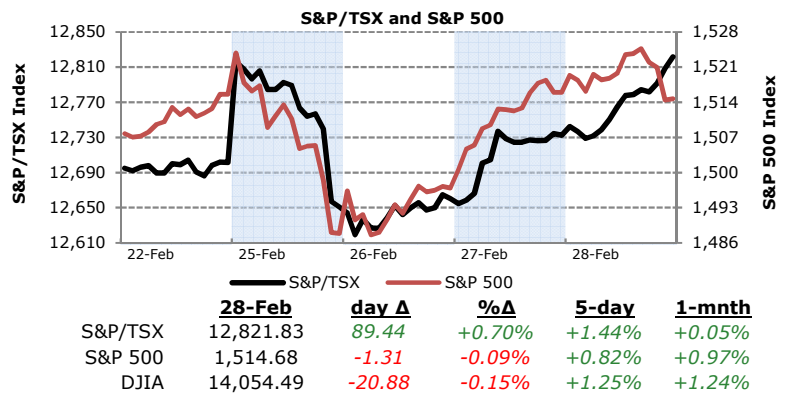
United States	Period	Survey	Actual	Prior
Personal Income	31-Jan	-2.4%	-3.6%	2.6%
ISM Manufacturing	31-Jan	52.8	--	53.1

Canada	Period	Survey	Actual	Prior
GDP MoM	31-Jan	-0.2%	-0.2%	0.3%

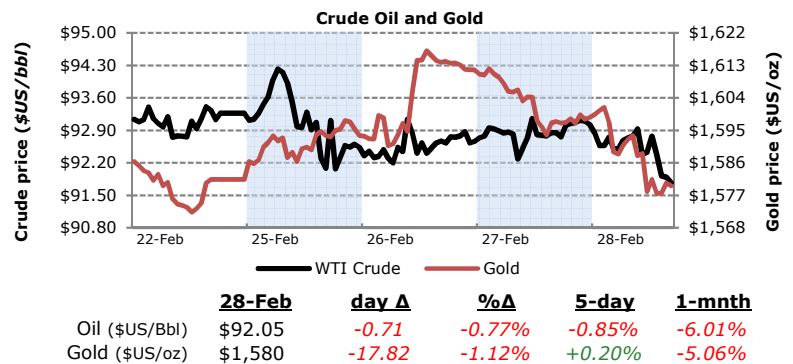
Interest Rates



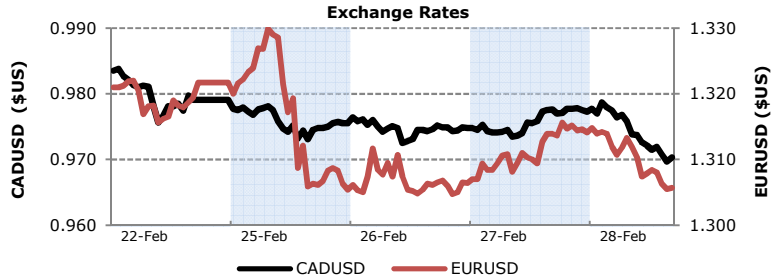
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	28-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.031	+0.008	1.019	1.001	0.992
EURUSD	\$1.306	-0.008	1.319	1.349	1.316
USDJPY	¥92.56	+0.320	93.110	90.73	82.23

Government 10-year Yields

	28-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.84%	-0.029%	2.00%	1.70%	1.99%
United States	1.88%	-0.026%	2.00%	1.62%	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>

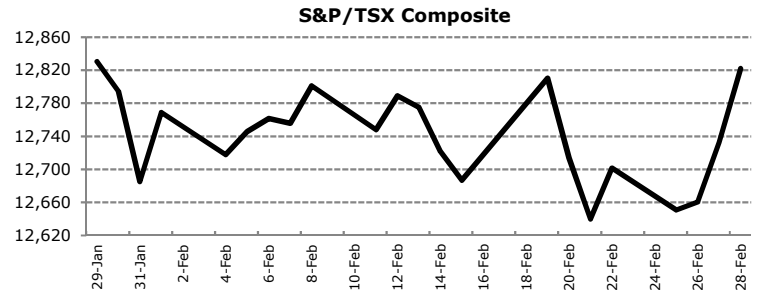
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	28-Feb	day Δ	%Δ
S&P/TSX	12,821.83	89.44	+0.70%

	Trailing S&P/TSX	TSX 60
5-day	+1.44%	+1.60%
1-month	+0.05%	+0.04%
3-months	+5.61%	+5.96%
6-months	+6.76%	+7.61%
12-months	+0.64%	+1.84%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.82%	+1.89%	+0.85%	+16.15%
C. Staples	+1.81%	+1.79%	+4.27%	+28.21%
Energy	+1.14%	+1.75%	-1.52%	-12.45%
Financials	+0.68%	+1.02%	+1.78%	+12.29%
Healthcare	+1.67%	+2.18%	+4.37%	+10.66%
Info Tech	+1.80%	+1.73%	-0.78%	+11.88%
Industrials	+1.20%	+2.74%	+5.41%	+22.49%
Materials	-0.30%	+1.10%	-6.49%	-23.99%
Metals & Mining	+0.02%	+1.04%	-10.78%	-23.74%
Telecom	+0.29%	+1.49%	+4.26%	+16.14%
Utilities	-0.22%	-0.32%	-2.80%	-0.30%

TSX Top Performers

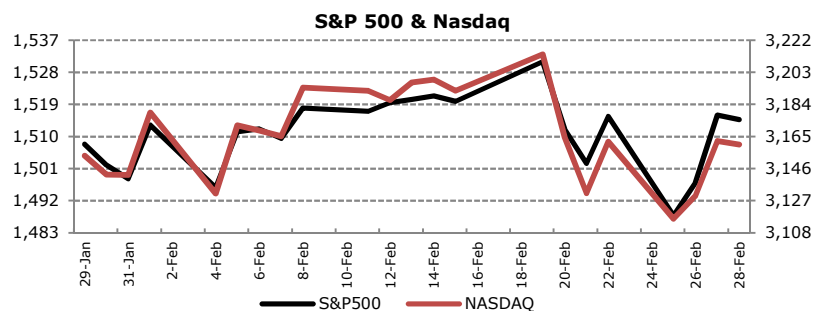
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Extencicare Inc		+6.48%	+2.55%	+0.75%	-5.29%
Gabriel Resources Ltd		+6.01%	+14.35%	-3.52%	-59.17%
Ccl Industries Inc - CI B		+4.49%	+4.00%	+27.27%	+61.78%
Empire Co Ltd 'A'		+4.07%	+4.41%	+8.82%	+16.25%
Macdonald Dettwiler & Ass		+4.04%	+11.17%	+13.35%	+60.65%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Oceanagold Corp		-5.10%	+6.61%	-10.37%	-3.59%
Colossus Minerals Inc		-4.95%	-2.37%	-30.77%	-58.92%
Iamgold Corp		-4.40%	-11.46%	-18.33%	-53.54%
Thompson Creek Metals Co		-4.09%	-2.22%	-14.15%	-51.18%
Pretium Resources Inc		-3.99%	-2.57%	-30.51%	-55.21%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
28-Feb	1,514.68	14,054.49	3,160.19
1-day	-0.09%	-0.15%	-0.07%
5-day	+0.82%	+1.25%	+0.92%
1-month	+0.97%	+1.24%	+0.19%
3-months	+7.43%	+8.24%	+5.63%
6-months	+7.48%	+7.26%	+2.70%
12-months	+10.38%	+8.07%	+5.81%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.01%	+1.42%	-0.09%	+17.26%
C. Staples	-0.09%	+0.04%	+3.35%	+15.42%
Energy	+0.08%	+0.91%	+0.35%	+1.82%
Financials	-0.21%	+0.38%	+0.93%	+18.77%
Healthcare	-0.14%	+0.42%	+1.50%	+19.53%
Info Tech	-0.24%	+0.89%	+0.16%	-0.70%
Industrials	-0.10%	+0.98%	+1.03%	+10.23%
Materials	+0.15%	+1.88%	-2.57%	+1.80%
Telecom	+0.14%	+1.92%	+4.07%	+18.19%
Utilities	+0.23%	+1.51%	+2.64%	+7.10%

DJIA Top Performers

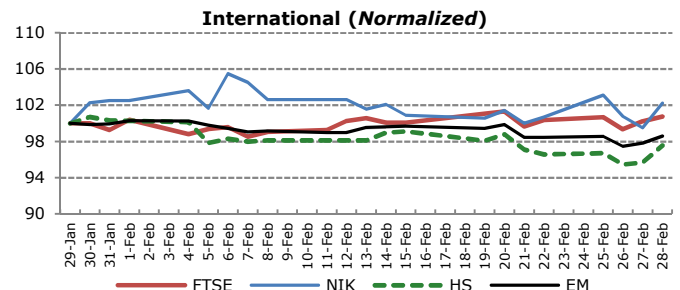
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Hewlett-Packard Co		+1.87%	+17.78%	+18.33%	-20.43%
Du Pont (E.I.) De Nemours		+0.82%	+2.97%	-0.52%	-5.80%
Coca-Cola Co/The		+0.70%	+2.68%	+4.62%	+10.85%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Wal-Mart Stores Inc		-1.23%	+0.74%	+2.06%	+19.80%
Unitedhealth Group Inc		-0.78%	-3.24%	-4.23%	-4.13%
Procter & Gamble Co/The		-0.74%	-1.12%	+3.27%	+12.83%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,360.81	11,559.36	23,020.27	1,054.62
1-day	+0.55%	+2.71%	+1.96%	+0.77%
5-day	+1.10%	+2.21%	+0.50%	+0.14%
1-month	+1.05%	+6.79%	-2.75%	-0.70%
3-months	+9.61%	+24.18%	+6.04%	+6.39%
6-months	+10.13%	+27.96%	+16.19%	+10.23%
12-months	+7.30%	+18.89%	+6.73%	-1.33%



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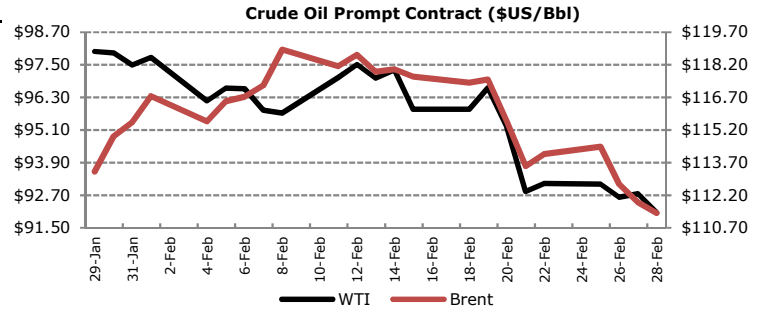
Nymex WTI Crude Oil

(\$US/Bbl)	28-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.05	-\$0.71	-0.77%	-0.85%	-6.01%
Cal 13	\$92.80	-\$0.65	-0.70%	-0.92%	-3.62%
Cal 14	\$90.67	-\$0.61	-0.67%	-1.07%	-2.79%

(\$US/bbl)	Q3-13	Q4-13	Q1-14	Q2-14	2014
Consensus Forecast	\$95.90	\$98.14	\$99.50	\$101.00	\$98.50
Current Forward	\$93.18	\$92.78	\$91.91	\$91.05	\$90.67

Inventory Levels (as of Feb-22)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	377,518	+1,130	337,426	319,411
Motor Gas	228,495	-1,857	214,389	200,481
Distillates	124,184	+557	171,756	140,851

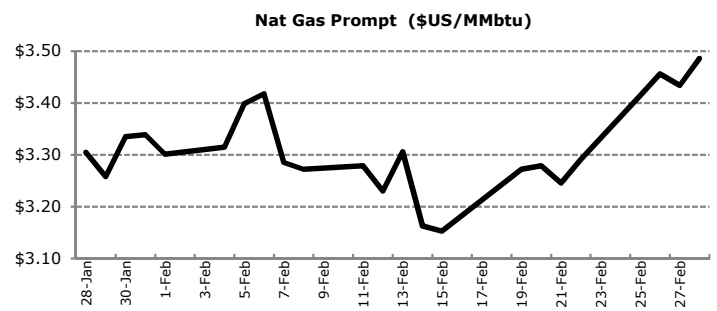
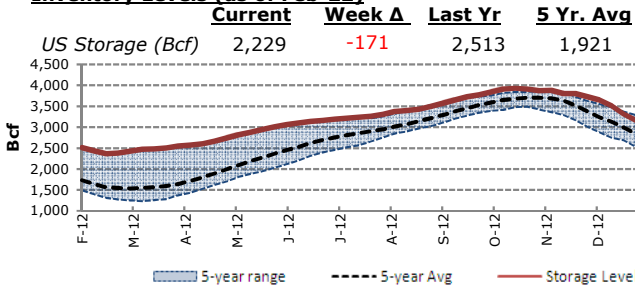


(\$US/Bbl)	28-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$111.38	-\$0.49	-0.44%	-1.89%	-3.06%

Nymex Natural Gas

(\$US/MMbtu)	28-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.49	+\$0.05	+1.51%	+7.39%	+7.00%
Apr13-Oct13	\$3.61	+\$0.05	+1.43%	+4.95%	-1.02%
Nov13-Mar14	\$4.00	+\$0.04	+0.95%	+3.76%	-1.08%
Apr14-Oct14	\$4.01	+\$0.03	+0.75%	+2.59%	-0.36%
Nov14-Mar15	\$4.33	+\$0.03	+0.62%	+1.47%	-0.14%

Inventory Levels (as of Feb-22)

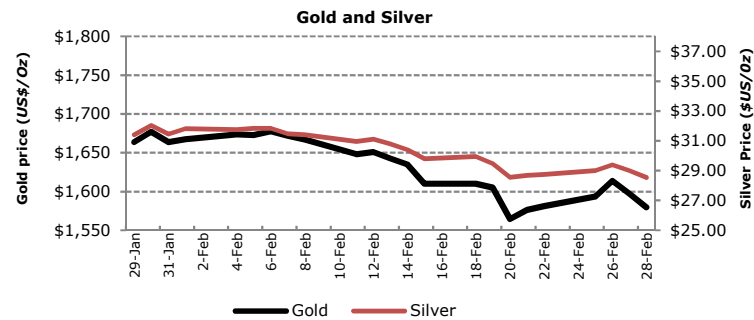


Alberta Natural Gas

(\$CAD/GJ)	28-Feb	day Δ	%Δ
AECO Apr-13	\$3.05	+\$0.10	+3.4%

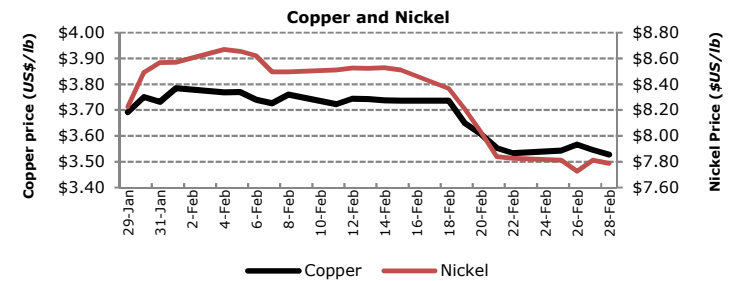
Precious Metals

\$US/oz	28-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,579.58	-\$17.82	-1.1%	+0.2%	-5.1%	-7.9%
Silver	\$28.54	-\$0.48	-1.6%	-0.5%	-9.1%	-14.6%
Platinum	\$1,584	-\$15.00	-0.9%	-1.9%	-5.7%	-1.2%



Industrial Metals

\$US/lb	28-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.53	-\$0.02	-0.5%	-0.7%	-4.4%	-2.8%
Nickel	\$7.79	-\$0.02	-0.3%	-0.7%	-5.3%	-2.7%
Zinc	\$1.02	-\$0.01	-0.8%	-0.9%	+0.3%	+1.7%
Aluminum	\$0.89	-\$0.01	-1.1%	-4.3%	-2.2%	-6.3%
Uranium	\$42.00	+\$0.00	0.0%	+0.6%	-4.0%	-0.6%



Agriculture & Other

	28-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.04	+\$0.08	+1.2%	+2.6%	-3.6%
Wheat (\$US/bu)	\$7.15	+\$0.02	+0.4%	-1.3%	-9.1%
Soybeans (\$US/bu)	\$14.52	+\$0.13	+0.9%	-1.2%	+0.9%
Rough Rice (\$US/cwt)	\$15.78	+\$0.01	+0.1%	-2.2%	-0.4%
Sugar #11 (¢US/lb)	¢18.39	+¢0.31	+1.7%	+2.7%	-0.3%
Lean Hogs (¢US/lb)	¢81.00	+¢0.00	+0.0%	-1.7%	-9.6%
Live Cattle (¢US/lb)	¢129.85	-¢0.03	-0.0%	+1.6%	-2.4%
Cotton No.2 (\$US/lb)	\$0.85	+\$0.01	+1.1%	+2.5%	+3.3%
Lumber (\$US/Mbft)	\$385.80	+\$9.90	+2.6%	+0.5%	+9.4%

Commodity ETFs

	28-Feb	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.28	-\$0.09	-2.1%	-2.5%	-12.3%
HBP Nat Gas U	\$11.95	+\$0.42	+3.6%	+11.4%	+8.5%
HBP Comex Gold	\$15.68	-\$0.23	-1.4%	+0.1%	-5.3%
\$USD					
US Crude Oil	\$33.06	-\$0.34	-1.0%	-1.11%	-5.4%
US Nat Gas	\$19.18	+\$0.36	+1.9%	5.67%	+3.4%
PSDB Agriculture	\$26.40	+\$0.15	+0.6%	0.34%	-5.0%
PSDB Base Metals	\$18.50	-\$0.13	-0.7%	-2.12%	-2.6%

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Interest Rates

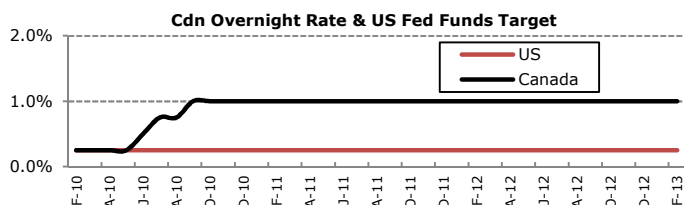
Canadian yield curve

	28-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.95%	-0.01%	0.92%	0.96%	0.93%
6-mnth	0.99%	-	1.00%	1.02%	0.98%
12-mnth	1.01%	-0.01%	1.07%	1.07%	1.05%
2-year	0.95%	-0.05%	1.16%	1.07%	1.10%
5-year	1.32%	-0.01%	1.50%	1.29%	1.44%
10-year	1.84%	-0.03%	2.00%	1.70%	1.99%
20-year	2.47%	-0.01%	2.53%	2.25%	2.58%
30-year	2.52%	-0.01%	2.57%	2.29%	2.60%

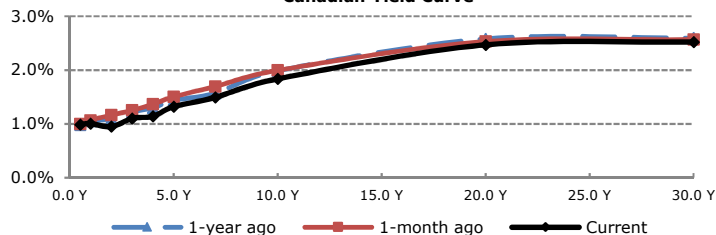
US yield curve

	28-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.10%	-	0.07%	0.08%	0.08%
6-mnth	0.12%	-0.01%	0.11%	0.13%	0.13%
12-mnth	0.15%	+0.00%	0.14%	0.17%	0.16%
2-year	0.23%	-0.01%	0.28%	0.25%	0.29%
5-year	0.76%	-0.02%	0.88%	0.62%	0.86%
10-year	1.88%	-0.03%	2.00%	1.62%	1.97%
30-year	3.09%	-0.01%	3.18%	2.81%	3.08%

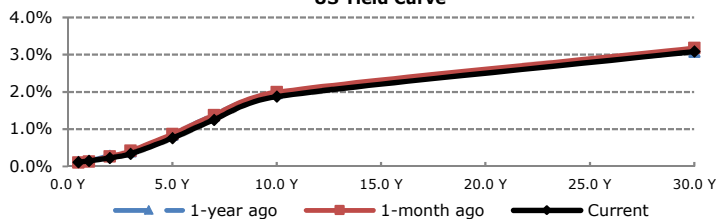
	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	6-Mar-13	1.00%
US Fed Funds	0.25%	0.25%	20-Mar-13	0.25%



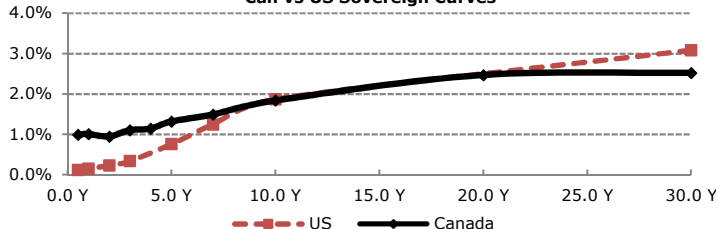
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

<i>Spot</i>	28-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.031	+0.008	1.001	0.992	0.992
EURUSD	\$1.306	-0.008	1.349	1.295	1.316
USDJPY	¥92.56	+0.320	90.73	82.08	82.23
GBPUSD	\$1.516	+0.000	1.576	1.601	1.564
AUDUSD	\$1.022	-0.002	1.048	1.048	1.052

<i>Spot</i>	28-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥89.80	-0.362	90.65	82.73	82.86
CADAUD	\$0.950	-0.005	0.954	0.962	0.958
GBPUSD	£1.563	+0.012	1.578	1.589	1.552
EURJPY	¥120.85	-0.320	122.41	106.31	108.18
EURAUD	\$1.28	-0.006	1.29	1.24	1.25

Economic Releases

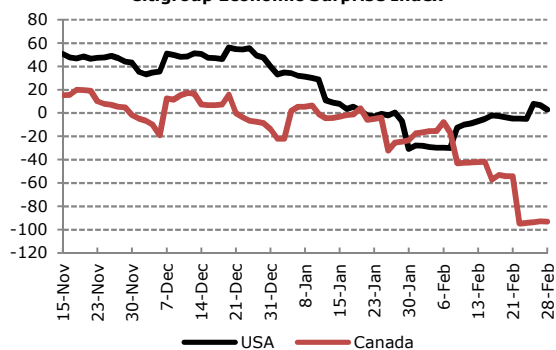
United States

		Period	Survey	Actual	Prior
Tue, Feb 26	New Home Sales	31-Jan	380K	437K	369K
Tue, Feb 26	Consumer Confidence	28-Feb	62	69.6	58.6
Wed, Feb 27	Durable Goods Orders	31-Jan	-4.8%	-5.2%	4.6%
Thu, Feb 28	Continuing Claims	16-Feb	3142.5K	3074K	3148K
Thu, Feb 28	Initial Jobless Claims	23-Feb	360K	344K	362K
Thu, Feb 28	GDP QoQ (Annualized)	31-Dec	0.5%	0.1%	0.1%
Fri, Mar 01	Personal Income	31-Jan	-2.4%	-3.6%	2.6%
Fri, Mar 01	ISM Manufacturing	31-Jan	52.8	--	53.1

Canada

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

Citigroup Economic Surprise Index



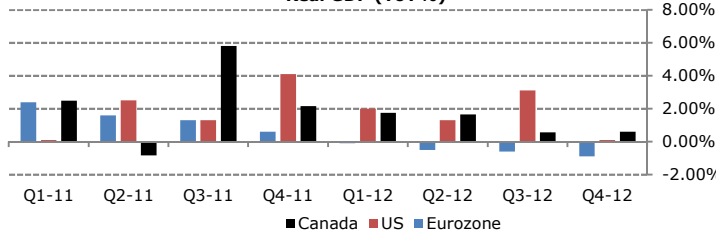
Economics

<i>Canada</i>	Q1-12	Q2-12	Q3-12	Q4-12	2013E
Real GDP	1.74%	1.65%	0.57%	0.61%	1.80%
CPI	2.33%	1.57%	1.23%	0.93%	1.50%
Unemployment	7.20%	7.20%	7.30%	7.10%	7.20%

<i>US</i>	Q1-12	Q2-12	Q3-12	Q4-12	2013E
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%

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

Real GDP (YoY%)



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