

## Today's Commentary

Stocks lifted off of 3-month lows yesterday with the S&P rallying +0.76% and the TSX +0.14%. Conversely, bond yields are a bit higher with American and Canadian 10 years yielding 2.62% and 2.34% respectively. Data released yesterday was slightly positive in the US with Factory Orders coming in at -15% m/m (expected -1.8%) and IBD Consumer Optimism Index reading 44.9 (expected 44.5). Today the ADP Employment Survey in the US will be released along with ISM Non-Manufacturing with expectations of 187k and 53.7 respectively. In Canada we will see Building Permits data release with an expected reading of +1.5% m/m.

UK's PMI numbers came short of expectations, though the reading of 58.3 is still in expansionary zones. Chief economist at Markit, Chris Williamson, said "even with the easing seen in January, the sector is still expanding at a rate that bodes well for another strong GDP reading in the first quarter." From the three PMI surveys, Williamson also suggested Britain was on course for a quarterly GDP growth of 0.8% in the first three months of 2014, up from 0.7% in the fourth quarter of 2013. The UK economy had one of the fastest recoveries among industrialized nations, driven mostly by household spending. With employment growth January being the highest since last October, jobless rates are expected to reach closer to the BoE's 7% target. Britain's current unemployment rate is 7.1%. The BoE policymakers will begin a two-day meeting today on rates, which is expected to be left at its record low of 0.5%.

Treasuries rose, snapping their worst decline this year, as economists said employment report this week will show the US economy is having trouble picking up. Bonds beat stocks last month for the first time since August of last year as fixed income securities worldwide enjoyed their best start to a year since 2008. Argentina led a tumble in emerging market currencies, while manufacturing in China slid to six-month low. Uncertainty about China's growth is adding to investors' unease and demand for the safest of assets, said Bill Gross, who oversees the world's biggest bond fund at PIMCO. Treasuries retreated yesterday as the 10-year yield approach its 200-day moving average and momentum indicators signaled this year's rally was too fast. Volatility in Treasuries as measured by Bank of America Merrill Lynch MOVE index was 66.8 basis points yesterday, the highest in almost four weeks. The US is scheduled to announce today the size of 3s, 10s and 30s auctions next week.

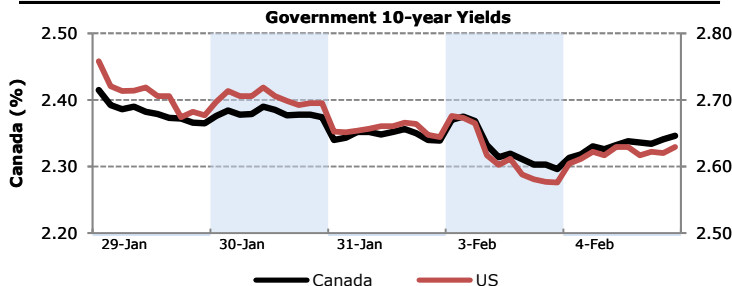
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

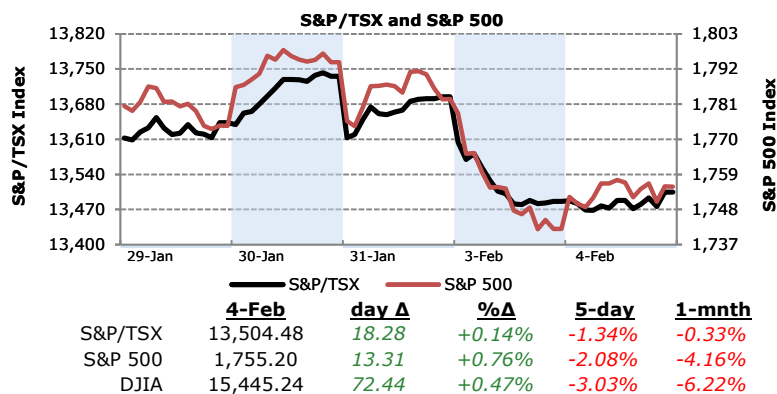
United States	Period	Survey	Actual	Prior
ADP Employment Change	31-Jan	185K	--	238K
Continuing Claims	25-Jan	2995K	--	2991K
Initial Jobless Claims	1-Feb	335K	--	348K

Canada	Period	Survey	Actual	Prior
Building Permits (MoM)	31-Dec	1.5%	--	-6.7%

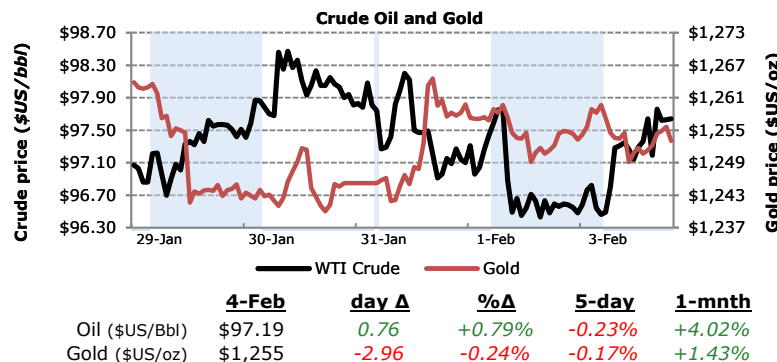
## Interest Rates



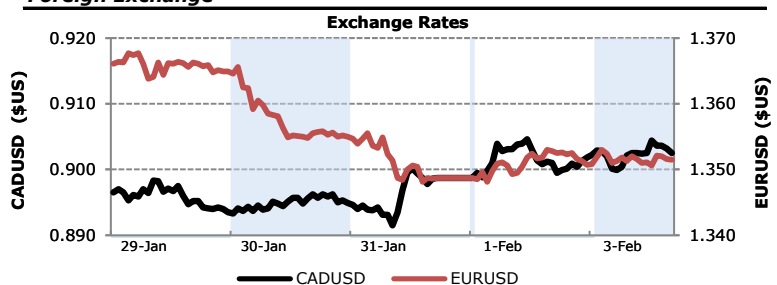
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	4-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.108	-0.004	1.115	1.066	0.996
EURUSD	\$1.352	-0.001	1.367	1.363	1.352
USDJPY	¥101.64	+0.660	102.940	104.22	93.64

Government 10-year Yields

	4-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.35%	0.050%	2.75%	2.54%	1.99%
United States	2.63%	0.053%	2.99%	2.64%	1.95%

## 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>

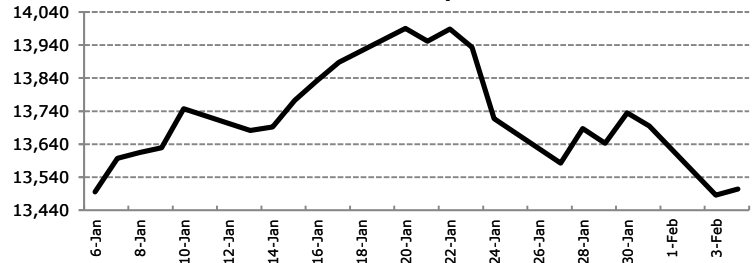
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### S&P/TSX Composite

	<b>4-Feb</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	13,504.48	18.28	+0.14%
<b>Trailing S&amp;P/TSX</b>			
5-day	-1.34%	-1.56%	
1-month	-0.33%	-0.61%	
3-months	+1.07%	+0.81%	
6-months	+7.15%	+7.05%	
12-months	+6.19%	+6.03%	



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.06%	-2.44%	-1.56%	+31.36%
C. Staples	-0.02%	-0.77%	+1.19%	+22.97%
Energy	+0.76%	-1.33%	-0.84%	+4.46%
Financials	-0.24%	-2.67%	-4.99%	+11.85%
Healthcare	+0.85%	-0.86%	+8.89%	+40.39%
Info Tech	+1.22%	-2.99%	+6.02%	+27.57%
Industrials	+0.83%	+1.04%	-1.48%	+22.79%
Materials	+0.48%	-0.40%	+7.32%	-22.56%
Metals & Mining	+0.26%	-5.34%	+2.23%	-20.59%
Telecom	-0.74%	-1.51%	-1.03%	+2.40%
Utilities	-0.08%	+0.31%	+2.36%	-10.00%

### TSX Top Performers

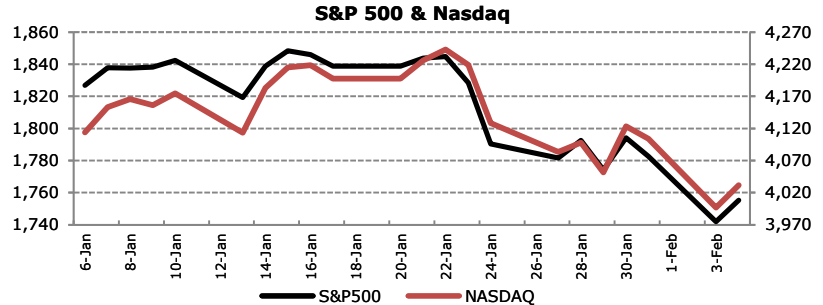
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Oceanagold Corp		+7.14%	+3.96%	+29.63%	-23.08%
Bankers Petroleum Ltd		+6.90%	-0.69%	+0.00%	+41.83%
Intertape Polymer Group I		+6.72%	+9.91%	-3.31%	+34.80%
Crew Energy Inc		+6.66%	+4.99%	+15.88%	+21.82%
Blackpearl Resources Inc		+6.44%	+4.64%	+10.71%	-19.22%

### TSX Worst Performers

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Atlantic Power Corp		-2.60%	-22.71%	-27.82%	-77.57%
Detour Gold Corp		-2.45%	+6.29%	+36.84%	-67.96%
Innergex Renewable Energy		-2.24%	-1.95%	-5.19%	-3.55%
Gibson Energy Inc		-2.20%	-3.35%	-3.99%	+5.64%
Dream Unlimited-CI A Sub		-2.19%	-7.20%	-10.11%	NA

### US Indices

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
4-Feb	1,755.20	15,445.24	4,031.52
1-day	+0.76%	+0.47%	+0.86%
5-day	-2.08%	-3.03%	-1.62%
1-month	-4.16%	-6.22%	-2.43%
3-months	-0.72%	-1.24%	+2.41%
6-months	+2.66%	-1.36%	+9.27%
12-months	+17.35%	+11.28%	+28.75%



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+1.17%	-2.84%	-6.71%	+24.33%
C. Staples	+0.55%	-3.72%	-5.70%	+8.27%
Energy	+0.73%	-2.95%	-5.85%	+5.36%
Financials	+0.95%	-2.43%	-5.31%	+19.27%
Healthcare	+1.02%	-0.96%	+0.18%	+29.56%
Info Tech	+0.52%	-0.91%	-2.70%	+19.90%
Industrials	+0.63%	-2.74%	-5.55%	+21.68%
Materials	+0.86%	-1.26%	-5.30%	+10.81%
Telecom	+1.14%	-2.70%	-5.44%	-4.03%
Utilities	-0.61%	+0.82%	+3.34%	+5.85%

### DJIA Top Performers

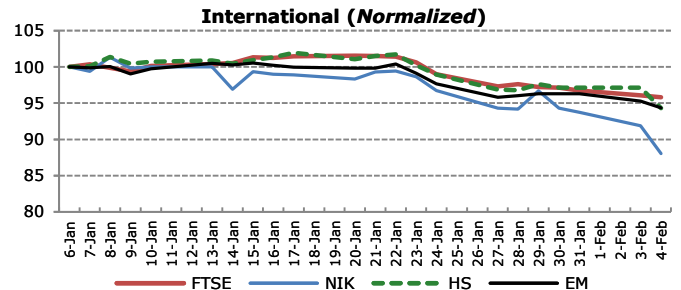
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Merck & Co. Inc.		+2.75%	+1.21%	+7.60%	+30.99%
Pfizer Inc		+2.75%	+3.35%	+3.01%	+15.72%
Du Pont (E.I.) De Nemours		+2.70%	+3.42%	-3.40%	+29.87%

### DJIA Worst Performers

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
United Technologies Corp		-0.96%	-4.18%	-3.37%	+21.84%
Boeing Co/The		-0.84%	-10.98%	-11.32%	+62.27%
Intel Corp		-0.54%	-4.34%	-7.60%	+12.57%

### International Markets

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	6,449.27	14,008.47	21,397.77	917.74
1-day	-0.25%	-4.18%	-2.89%	-0.97%
5-day	-1.87%	-6.49%	-2.56%	-1.75%
1-month	-4.18%	-9.08%	-6.22%	-6.30%
3-months	-4.65%	-1.36%	-7.73%	-10.64%
6-months	-2.99%	-3.16%	-3.57%	-3.94%
12-months	+3.24%	+24.41%	-9.66%	-14.45%



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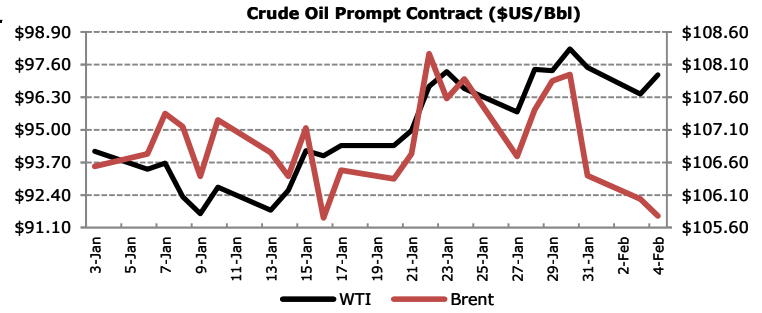
### Nymex WTI Crude Oil

(\$US/Bbl)	4-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$97.19	+\$0.76	+0.79%	-0.23%	+4.02%
Cal 14	\$93.52	+\$0.69	+0.74%	-0.55%	-2.05%
Cal 15	\$86.44	+\$0.61	+0.71%	-0.03%	-1.77%

(\$US/bbl)	Q2-14	Q3-14	Q4-14	Q1-15	2015
Consensus Forecast	\$94.30	\$96.00	\$95.00	\$96.00	\$94.71
Current Forward	\$95.62	\$92.98	\$90.75	\$88.76	\$86.44

### Inventory Levels (as of Jan-24)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	357,645	+6,421	337,426	319,411
Motor Gas	234,446	-819	214,389	200,481
Distillates	116,154	-4,584	171,756	140,851

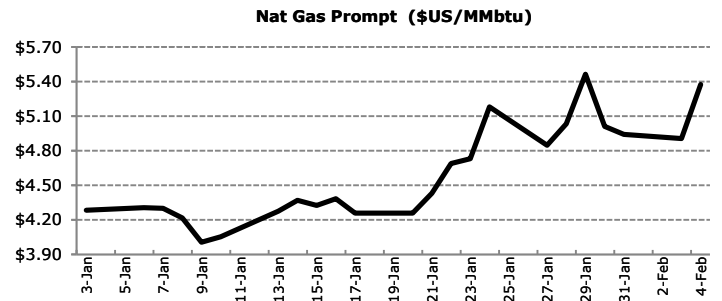
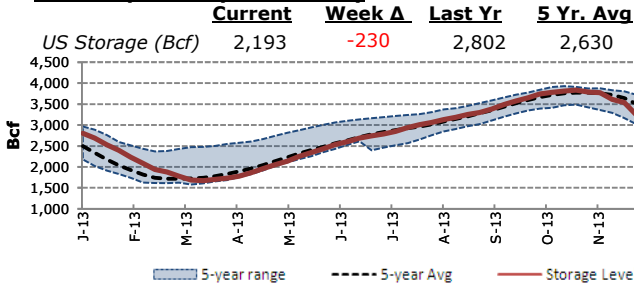


(\$US/Bbl)	4-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$105.78	-\$0.26	-0.25%	-1.52%	-0.89%

### Nymex Natural Gas

(\$US/MMbtu)	4-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$5.38	+\$0.47	+9.58%	+6.80%	+24.83%
Apr14-Oct14	\$4.60	+\$0.13	+2.82%	+5.89%	+9.93%
Nov14-Mar15	\$4.76	+\$0.13	+2.71%	+5.98%	+9.03%
Apr15-Oct15	\$4.02	-\$0.01	-0.25%	+0.27%	-0.36%
Nov15-Mar16	\$4.29	+\$0.00	+0.07%	+2.04%	+4.03%

### Inventory Levels (as of Jan-24)

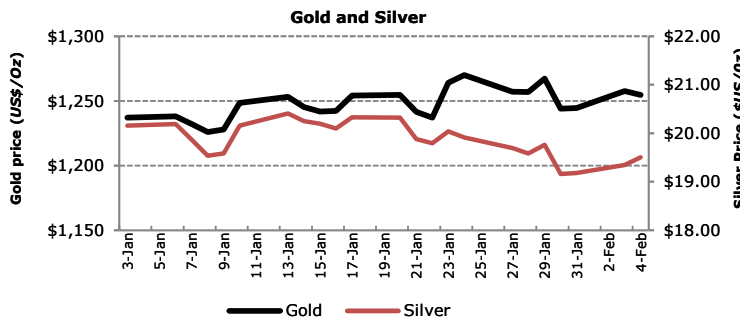


### Alberta Natural Gas

(\$CAD/GJ)	4-Feb	day Δ	%Δ
AECO Mar-14	\$5.16	+\$0.65	+14.5%

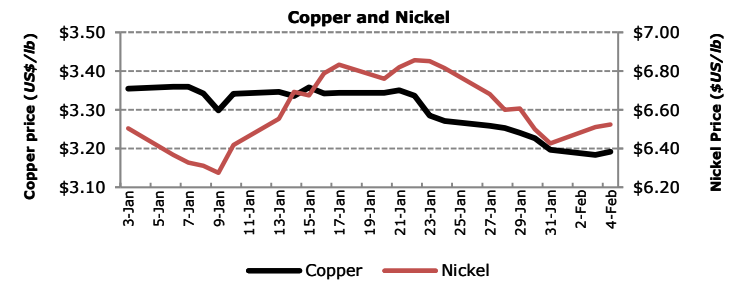
### Precious Metals

\$US/oz	4-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,254.72	-\$2.96	-0.2%	-0.2%	+1.4%	-2.2%
Silver	\$19.50	+\$0.16	+0.8%	-0.4%	-3.3%	-8.7%
Platinum	\$1,374	-\$8.25	-0.6%	-2.5%	-2.7%	-4.0%



### Industrial Metals

\$US/lb	4-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.19	+\$0.01	+0.3%	-1.9%	-4.9%	-2.1%
Nickel	\$6.53	+\$0.01	+0.2%	-1.1%	+0.3%	+0.7%
Zinc	\$0.98	+\$0.00	+0.1%	-1.5%	-3.5%	+5.4%
Aluminum	\$0.75	+\$0.00	0.0%	-3.8%	-5.1%	-6.3%
Uranium	\$35.65	-\$0.05	-0.1%	0.0%	+3.0%	+1.1%



### Agriculture & Other

	4-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.42	+\$0.06	+1.4%	+2.3%	+3.3%
Wheat (\$US/bu)	\$5.85	+\$0.21	+3.7%	+3.3%	-3.5%
Soybeans (\$US/bu)	\$13.13	+\$0.21	+1.6%	+2.2%	+2.9%
Rough Rice (\$US/cwt)	\$15.36	+\$0.06	+0.4%	-1.0%	-1.8%
Sugar #11 (¢US/lb)	¢16.06	+¢0.32	+2.0%	+6.9%	-0.1%
Lean Hogs (¢US/lb)	¢93.13	+¢0.28	+0.3%	-0.5%	+1.9%
Live Cattle (¢US/lb)	¢138.90	-¢0.50	-0.4%	-1.0%	+1.4%
Cotton No.2 (\$US/lb)	\$0.85	+\$0.00	+0.5%	+1.2%	+2.1%
Lumber (\$US/Mbft)	\$351.20	+\$1.80	+0.5%	+0.0%	-1.6%

### Commodity ETFs

\$CAD	4-Feb	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.50	+\$0.05	+1.1%	+0.2%	+6.9%
HBP Nat Gas U	\$18.95	+\$2.43	+14.7%	+13.8%	+46.9%
iShares Gold ETF	\$11.15	-\$0.03	-0.3%	+0.0%	+1.5%

\$USD	4-Feb	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.74	+\$0.22	+0.6%	0.14%	+2.9%
US Nat Gas	\$26.15	+\$1.84	+7.6%	8.15%	+24.2%
PSDB Agriculture	\$25.15	+\$0.19	+0.8%	3.41%	+2.9%
PSDB Base Metals	\$15.84	+\$0.09	+0.6%	-2.76%	-4.6%

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## Interest Rates

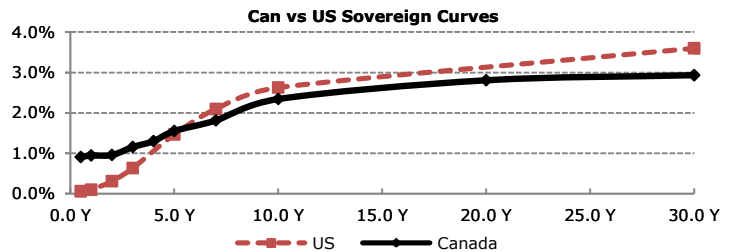
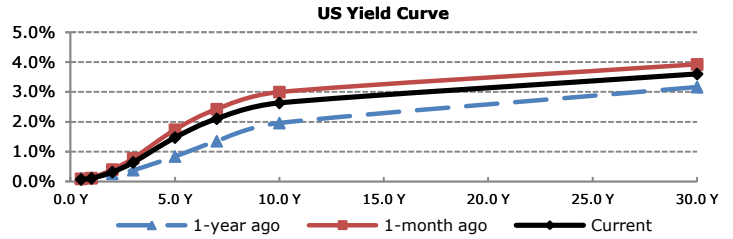
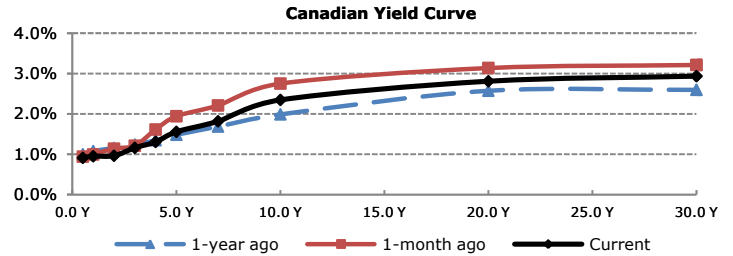
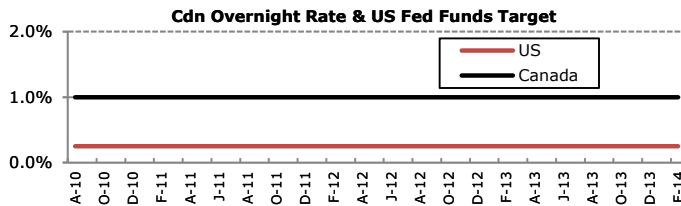
### Canadian yield curve

	4-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.88%	-	0.89%	0.90%	0.94%
6-mnth	0.91%	-	0.94%	0.93%	1.00%
12-mnth	0.95%	+0.00%	0.99%	1.00%	1.08%
2-year	0.96%	+0.03%	1.14%	1.12%	1.16%
5-year	1.56%	+0.05%	1.94%	1.79%	1.48%
10-year	2.35%	+0.05%	2.75%	2.54%	1.99%
20-year	2.81%	+0.05%	3.14%	3.02%	2.57%
30-year	2.94%	+0.05%	3.21%	3.11%	2.60%

### US yield curve

	4-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.05%	+0.03%	0.07%	0.05%	0.06%
6-mnth	0.07%	+0.02%	0.09%	0.08%	0.11%
12-mnth	0.10%	+0.02%	0.11%	0.09%	0.13%
2-year	0.31%	+0.02%	0.40%	0.29%	0.25%
5-year	1.47%	+0.03%	1.73%	1.34%	0.83%
10-year	2.63%	+0.05%	2.99%	2.64%	1.95%
30-year	3.60%	+0.07%	3.92%	3.77%	3.16%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	5-Mar-14	1.00%
US Fed Funds	0.25%	0.25%	18-Mar-14	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	4-Feb	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.108	-0.004	1.066	1.043	0.996
EURUSD	\$1.352	-0.001	1.363	1.351	1.352
USDJPY	¥101.64	+0.660	104.22	98.60	93.64
GBPUSD	\$1.633	+0.002	1.641	1.597	1.566
AUDUSD	\$.893	+0.017	0.897	0.951	1.032

Spot	4-Feb	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥91.72	+0.898	97.81	94.59	94.04
CADAUD	\$1.011	-0.017	1.047	1.009	0.973
GBP CAD	£1.809	-0.004	1.748	1.665	1.559
EURJPY	¥137.41	+0.840	142.04	133.25	126.63
EURAUD	\$1.51	-0.031	1.52	1.42	1.31

## Economic Releases

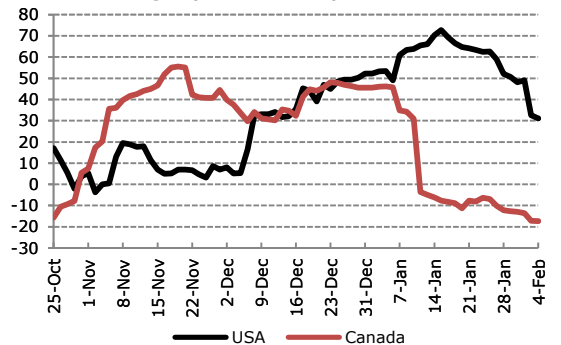
### United States

		Period	Survey	Actual	Prior
Mon, Feb 03	ISM Manufacturing	31-Jan	56	51.3	57
Tue, Feb 04	Factory Orders	31-Dec	-1.8%	-1.5%	1.50%
Wed, Feb 05	ADP Employment Change	31-Jan	185K	--	238K
Thu, Feb 06	Continuing Claims	25-Jan	2995K	--	2991K
Thu, Feb 06	Initial Jobless Claims	1-Feb	335K	--	348K
Thu, Feb 06	Trade Balance	31-Dec	-36B	--	-40.6B
Fri, Feb 07	Nonfarm Payroll	31-Jan	183.5K	--	74K

### Canada

		Period	Survey	Actual	Prior
Wed, Feb 05	Building Permits (MoM)	31-Dec	1.5%	--	-6.7%
Fri, Feb 07	Net Change in Employment	31-Jan	20K	--	-45.9K
Fri, Feb 07	Unemployment	31-Jan	7.1%	--	7.2%

### Citigroup Economic Surprise Index



## Economics

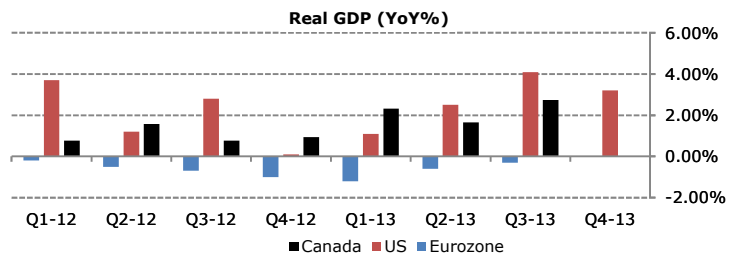
Canada	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Real GDP	2.32%	1.65%	2.74%	NA	1.70%
CPI	0.90%	0.77%	1.17%	0.93%	1.00%
Unemployment	7.30%	7.10%	6.90%	7.20%	7.05%

US	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Real GDP	1.10%	2.50%	4.10%	3.20%	1.90%
CPI	1.70%	1.43%	1.57%	1.23%	1.50%
Unemployment	7.50%	7.50%	7.20%	6.70%	7.40%

China	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Real GDP	7.70%	7.50%	7.80%	7.70%	7.70%



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