

## Today's Commentary

Moves to start the week have been modest with the S&P adding +0.12% and the TSX +0.16%. The S&P is now 10 points away from its all-time high while the TSX nears its highest level since 2011. Meanwhile, bond yields have held steady with US and Canadian 10-year sovereigns yielding 2.71% and 2.44% respectively. Very little data has been released thus far this week in North America. This morning we will have updated statistics for Canadian Wholesale Sales (expected -0.5% m/m) along with US Building Permits (expected 975k), Housing Starts (expected 950k), and PPI (expected 0.1% m/m).

China reduced holdings of US treasury debt in December by the most since 2011, amid the Fed tapering announcements. The largest foreign US creditor reduced its position in US government bonds by \$47.8B or 3.6% to \$1.27 Trillion. This is the first monthly data set following the PBOC's statement in late November that China does not benefit any more from increases in its foreign-currency holdings. Despite the monthly sell-off, Chinese holdings of US government debt rose by 4% overall in 2013. Some analysts said the reduction in China's holdings in December could partly reflect the selloff in Treasuries that month. The 10-year Treasury note's yield rose by nearly 0.3 percentage points in December, reaching 3.03% at the end of December. So far this year, Treasury yields have dropped and prices rallied amid renewed concerns over the pace of US growth.

U.K. inflation fell below the Bank of England's (BoE) target in January to its lowest annual level since November 2009. Consumer prices rose 1.9 percent year-on-year last month, below the 2 percent target set by the central bank. Month-on-month prices declined 0.6 percent. The fall in the rate resulted from price movements for recreational goods and services, furniture, household goods, tobacco and alcoholic beverages, according to the Office for National Statistics which published the data. Geoffrey Yu, FX strategist at UBS told CNBC he believes the Bank of England can be "quite happy with itself" as its cautious approach to rising benchmark interest rates can now be justified with the weaker inflation. Bank of England Governor Mark Carney last week unveiled the "next phase" of forward guidance - which initially tied the bank rate to the country's unemployment rate after a sharp fall in jobless numbers took the central bank by surprise. Since its independence in 1997 the BoE's main task has been to manage inflation, but since the financial crisis, it has been taking a broader role in bolstering the country's economy.

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.

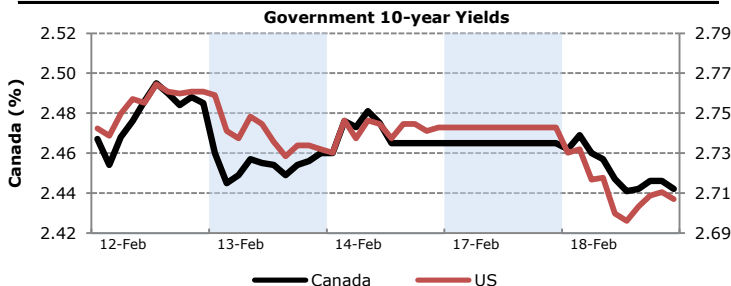
## Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Housing Starts	31-Jan	950K	--	999K
Leading Indicators	31-Jan	0.4%	--	0.1%
Continuing Claims	8-Feb	2970K	--	2953K

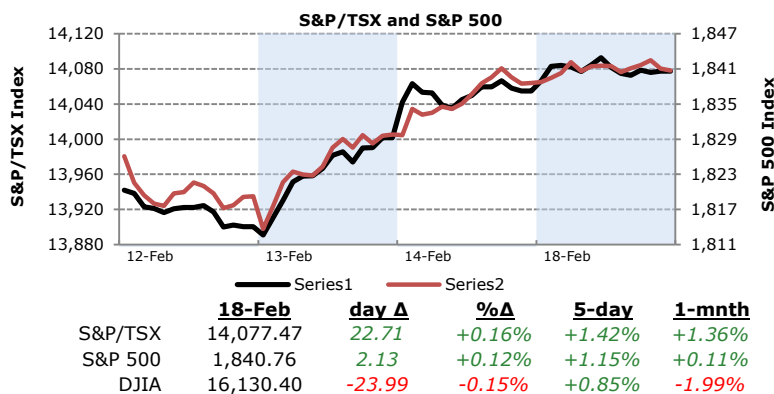
## Canada

None Scheduled

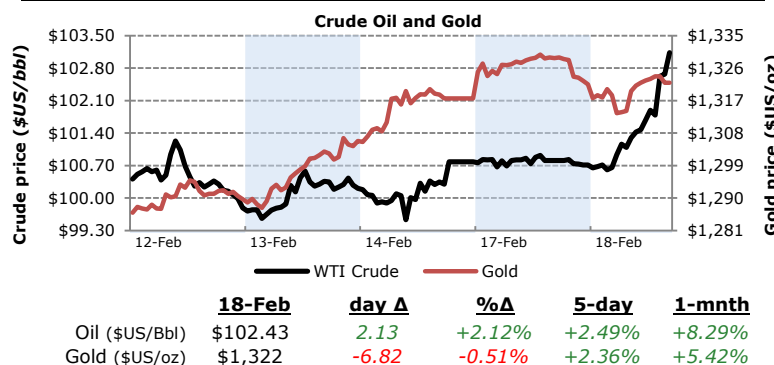
## Interest Rates



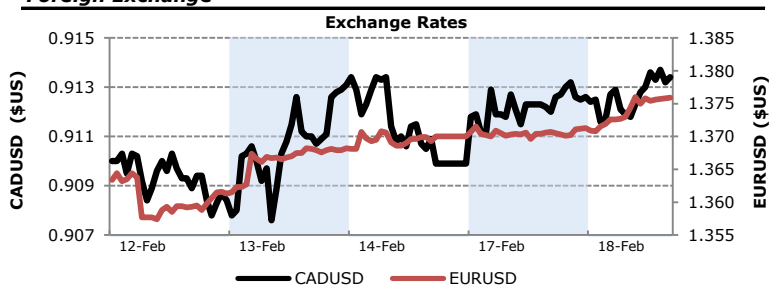
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	18-Feb	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.095		-0.002	1.101	1.095	1.019
EURUSD	\$1.376		+0.005	1.364	1.355	1.319
USDJPY	¥102.36		+0.440	102.630	104.18	93.11

Government 10-year Yields

	18-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.44%	-0.023%	2.51%	2.64%	2.02%
United States	2.71%	-0.036%	2.82%	2.80%	2.00%

## 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.

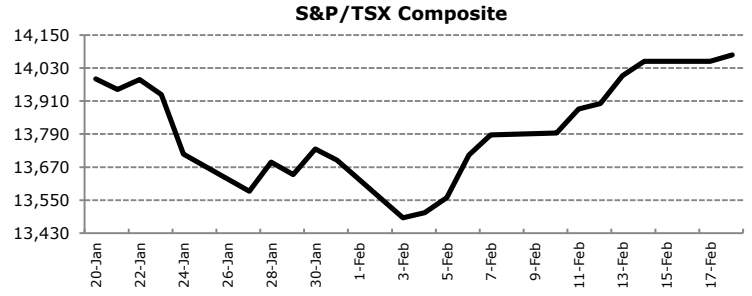
<http://www.rotman.utoronto.ca/financeassociation>

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	<b>18-Feb</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	14,077.47	22.71	+0.16%
<b>Trailing S&amp;P/TSX</b>			
5-day		+1.42%	+1.43%
1-month		+1.36%	+1.03%
3-months		+4.60%	+3.97%
6-months		+10.52%	+10.50%
12-months		+10.96%	+10.84%



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.57%	-0.95%	-2.66%	+31.30%
C. Staples	-0.36%	+0.62%	+0.10%	+21.81%
Energy	+0.49%	+2.25%	+2.00%	+10.48%
Financials	-0.04%	+1.95%	-0.75%	+15.88%
Healthcare	+1.82%	+3.80%	+5.32%	+48.39%
Info Tech	+0.52%	+0.39%	+3.51%	+31.23%
Industrials	-0.15%	-0.47%	+0.22%	+20.27%
Materials	+0.05%	+1.12%	+5.67%	-13.40%
Metals & Mining	+0.42%	-0.54%	-2.40%	-13.45%
Telecom	+0.08%	-0.53%	-1.86%	+0.65%
Utilities	+0.63%	+1.54%	+4.77%	-3.67%

**TSX Top Performers**

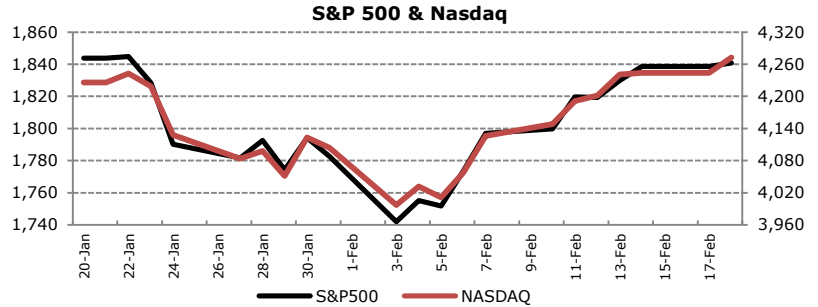
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Atlantic Power Corp		+7.39%	+20.08%	-14.57%	-73.68%
Just Energy Group Inc		+6.51%	+15.86%	+7.02%	+16.93%
Nevsun Resources Ltd		+5.69%	+5.22%	+13.45%	+22.43%
Bankers Petroleum Ltd		+5.59%	+4.38%	-1.74%	+57.29%
Blackberry Ltd		+5.07%	-3.71%	+3.91%	-27.13%

**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>
Rona Inc		-6.39%	-4.30%	-11.20%	-2.11%
Capstone Mining Corp		-3.82%	-1.63%	-5.33%	+14.83%
China Gold International		-3.42%	-1.08%	+19.93%	+15.41%
Gildan Activewear Inc		-3.01%	-3.48%	-6.52%	+50.39%
Westport Innovations Inc		-2.69%	+1.76%	-11.80%	-41.99%

**US Indices**

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing 18-Feb	1,840.76	16,130.40	4,272.78
1-day	+0.12%	-0.15%	+0.68%
5-day	+1.15%	+0.85%	+1.95%
1-month	+0.11%	-1.99%	+1.79%
3-months	+2.75%	+0.97%	+8.20%
6-months	+11.17%	+6.96%	+18.60%
12-months	+21.12%	+15.37%	+33.86%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.08%	+1.13%	+0.18%	+28.21%
C. Staples	-0.65%	-0.14%	-1.58%	+9.87%
Energy	+0.32%	+1.79%	-0.87%	+9.23%
Financials	+0.16%	+0.63%	-1.33%	+21.91%
Healthcare	+0.89%	+1.94%	+2.79%	+35.20%
Info Tech	+0.11%	+1.52%	+1.07%	+24.45%
Industrials	-0.23%	+0.94%	-1.32%	+24.29%
Materials	+0.11%	+1.45%	+0.41%	+17.30%
Telecom	-0.91%	-0.76%	-2.97%	-1.75%
Utilities	+0.28%	+1.99%	+5.68%	+10.13%

**DJIA Top Performers**

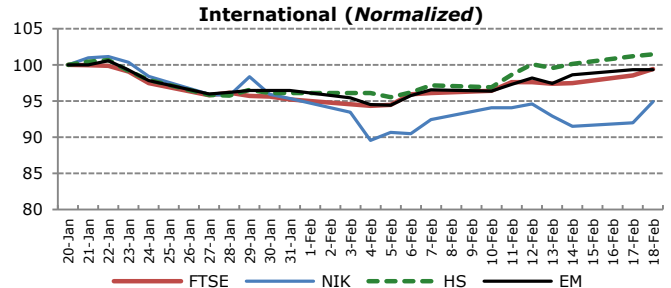
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Jpmorgan Chase & Co		+0.58%	+1.85%	+0.65%	+19.66%
Goldman Sachs Group Inc		+0.57%	+0.16%	-6.60%	+6.23%
Merck & Co. Inc.		+0.45%	-0.02%	+7.20%	+34.45%

**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>
Coca-Cola Co/The		-3.75%	-3.03%	-4.61%	+0.13%
Procter & Gamble Co/The		-1.80%	-1.10%	-2.39%	+1.87%
Verizon Communications I		-1.14%	-2.61%	-4.90%	+3.56%

**International Markets**

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing Last Close	6,796.43	14,843.24	22,587.72	964.29
1-day	+0.90%	+3.13%	+0.23%	+0.00%
5-day	+1.85%	+0.85%	+2.84%	+2.07%
1-month	-0.48%	-5.66%	-2.36%	+0.00%
3-months	+1.09%	-2.12%	-4.53%	-5.17%
6-months	+4.56%	+8.74%	+0.31%	+1.48%
12-months	+7.57%	+30.11%	-3.40%	-8.84%



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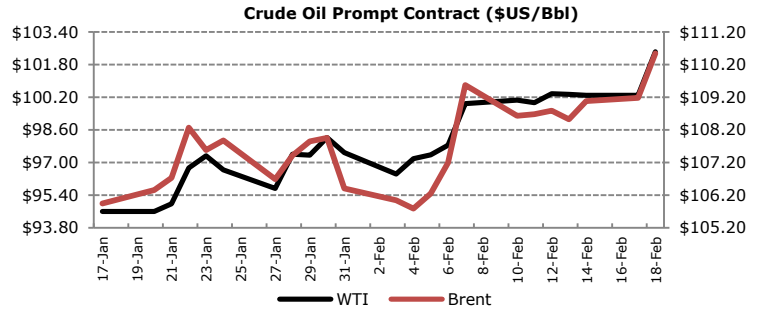
### Nymex WTI Crude Oil

(\$US/Bbl)	18-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$102.43	+\$2.13	+2.12%	+2.49%	+8.29%
Cal 14	\$98.87	+\$1.51	+1.55%	+2.26%	+7.81%
Cal 15	\$90.17	+\$0.56	+0.62%	+1.07%	+5.26%

(\$US/bbl)	Q2-14	Q3-14	Q4-14	Q1-15	2015
Consensus Forecast	\$94.65	\$97.00	\$95.00	\$96.50	\$94.86
Current Forward	\$101.20	\$98.45	\$95.76	\$93.14	\$90.17

### Inventory Levels (as of Feb-07)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	361,352	+3,267	337,426	319,411
Motor Gas	233,098	-1,853	214,389	200,481
Distillates	113,063	-731	171,756	140,851



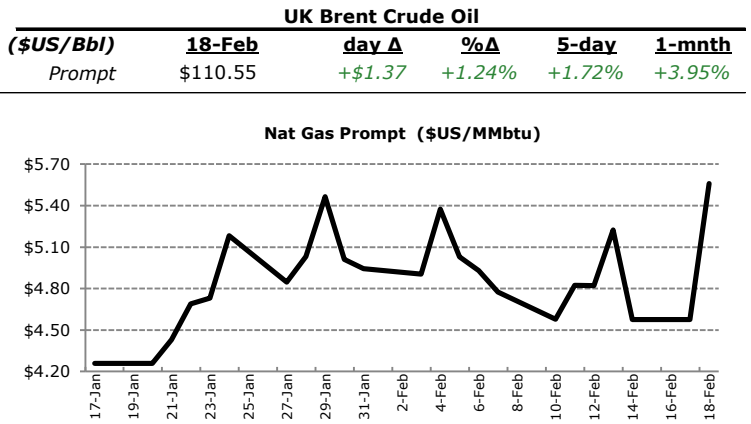
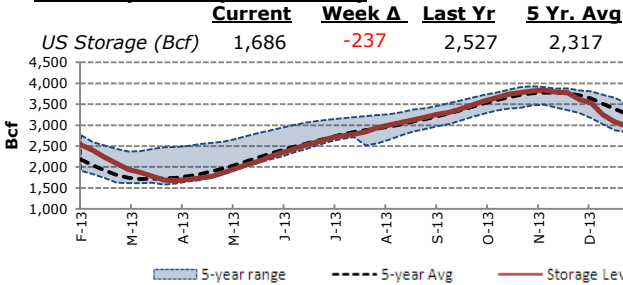
### UK Brent Crude Oil

(\$US/Bbl)	18-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$110.55	+\$1.37	+1.24%	+1.72%	+3.95%

### Nymex Natural Gas

(\$US/MMbtu)	18-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$5.56	+\$0.98	+21.46%	+15.24%	+30.52%
Apr14-Oct14	\$4.69	+\$0.13	+2.83%	+2.57%	+12.36%
Nov14-Mar15	\$4.81	+\$0.10	+2.20%	+2.05%	+10.52%
Apr15-Oct15	\$4.04	+\$0.03	+0.81%	-0.35%	-0.57%
Nov15-Mar16	\$4.30	+\$0.03	+0.61%	-0.07%	+1.33%

### Inventory Levels (as of Feb-07)



### Alberta Natural Gas

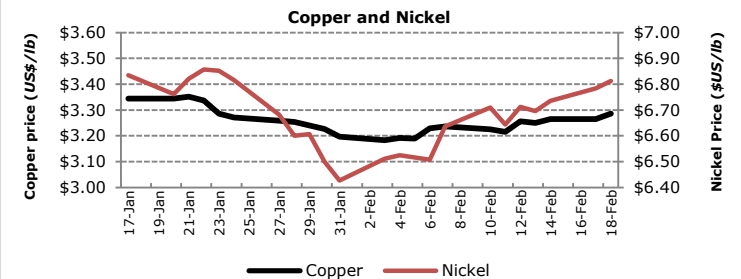
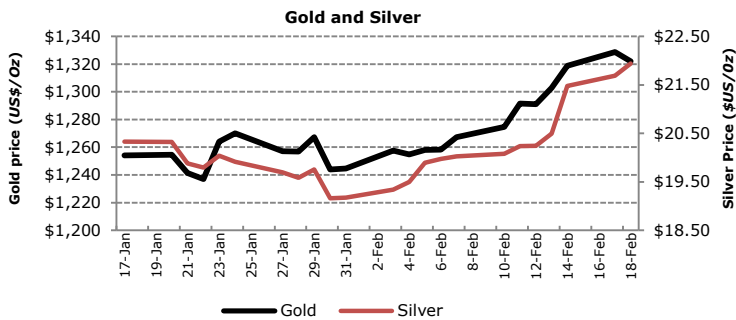
(\$CAD/GJ)	18-Feb	day Δ	%Δ
AECO Mar-14	\$5.33	+\$0.24	+4.6%

### Precious Metals

\$US/oz	18-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,321.97	-\$6.82	-0.5%	+2.4%	+5.4%	+5.6%
Silver	\$21.94	+\$0.25	+1.1%	+8.4%	+7.9%	+8.4%
Platinum	\$1,424	-\$6.25	-0.4%	+2.6%	-2.1%	+2.8%

### Industrial Metals

\$US/lb	18-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.29	+\$0.02	+0.6%	+2.2%	-1.8%	+1.9%
Nickel	\$6.81	+\$0.03	+0.4%	+2.6%	-0.3%	+7.7%
Zinc	\$1.03	+\$0.00	+0.3%	+2.9%	+0.4%	+10.5%
Aluminum	\$0.77	+\$0.00	0.0%	+1.3%	-3.8%	-2.5%
Uranium	\$35.70	+\$0.00	0.0%	-0.1%	-1.0%	-1.1%



### Agriculture & Other

	18-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.56	+\$0.05	+1.1%	+1.8%	+5.5%
Wheat (\$US/bu)	\$6.08	+\$0.11	+1.9%	+3.1%	+6.5%
Soybeans (\$US/bu)	\$13.48	+\$0.23	+1.7%	+2.1%	+3.9%
Rough Rice (\$US/cwt)	\$15.86	+\$0.27	+1.7%	+2.1%	+1.6%
Sugar #11 (¢US/lb)	¢16.50	¢0.51	+3.2%	+4.9%	+7.1%
Lean Hogs (¢US/lb)	¢97.38	¢1.20	+1.2%	+3.4%	+6.0%
Live Cattle (¢US/lb)	¢142.13	¢1.03	+0.7%	+0.7%	+2.0%
Cotton No.2 (\$US/lb)	\$0.89	+\$0.00	+0.5%	+0.3%	+2.8%
Lumber (\$US/Mbft)	\$359.10	-\$1.40	-0.4%	-0.1%	-3.6%

### Commodity ETFs

\$CAD	18-Feb	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$5.00	+\$0.20	+4.2%	+5.7%	+19.0%
HBP Nat Gas U	\$17.71	+\$1.45	+8.9%	+11.0%	+40.8%
iShares Gold ETF	\$11.73	+\$0.02	+0.2%	+2.4%	+5.8%

\$USD	18-Feb	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$36.66	+\$0.75	+2.1%	2.86%	+8.8%
US Nat Gas	\$26.20	+\$1.22	+4.9%	8.44%	+25.5%
PSDB Agriculture	\$26.13	+\$0.59	+2.3%	3.40%	+8.2%
PSDB Base Metals	\$16.47	+\$0.15	+0.9%	2.36%	-2.1%

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## Interest Rates

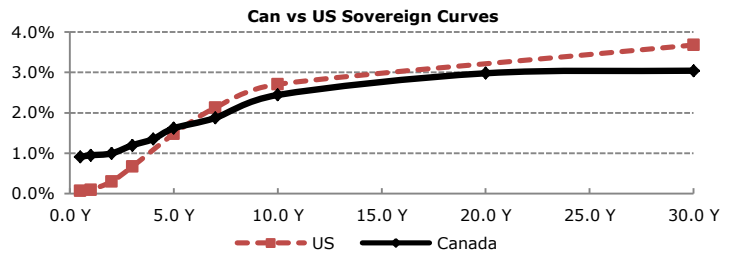
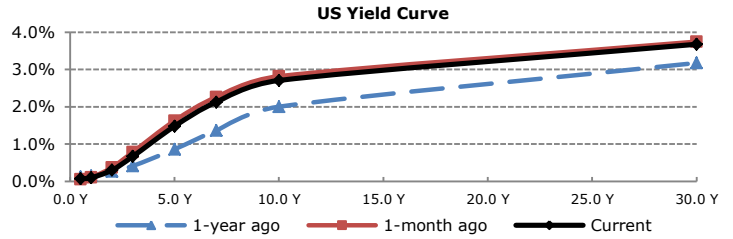
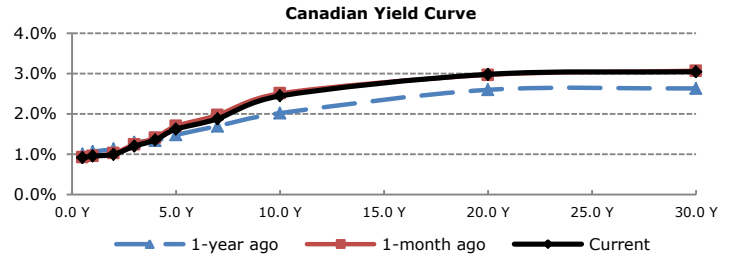
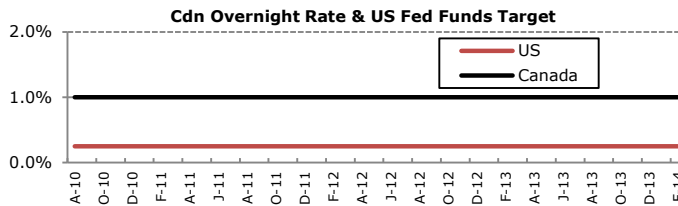
### Canadian yield curve

	<b>18-Feb</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.88%	-	0.89%	0.94%	0.95%
6-mnth	0.91%	-	0.92%	0.96%	1.00%
12-mnth	0.95%	+0.00%	0.95%	1.01%	1.06%
2-year	1.00%	-0.02%	1.02%	1.12%	1.13%
5-year	1.62%	-0.03%	1.70%	1.80%	1.48%
10-year	2.44%	-0.02%	2.51%	2.64%	2.02%
20-year	2.98%	-0.01%	2.96%	3.12%	2.59%
30-year	3.04%	-0.01%	3.07%	3.20%	2.63%

### US yield curve

	<b>18-Feb</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.02%	+0.01%	0.03%	0.08%	0.10%
6-mnth	0.07%	+0.01%	0.06%	0.10%	0.12%
12-mnth	0.10%	-	0.10%	0.11%	0.15%
2-year	0.30%	-0.01%	0.37%	0.27%	0.27%
5-year	1.48%	-0.05%	1.63%	1.37%	0.86%
10-year	2.71%	-0.04%	2.82%	2.80%	2.00%
30-year	3.68%	-0.02%	3.75%	3.91%	3.18%

	<b>Current</b>	<b>Prior</b>	<b>Next Meeting</b>	<b>Survey</b>
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)

	<b>Spot</b>	<b>18-Feb</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.095	-0.002		1.095	1.043	1.019
EURUSD	\$1.376	+0.005		1.355	1.351	1.319
USDJPY	¥102.36	+0.440		104.18	99.99	93.11
GBPUSD	\$1.668	-0.003		1.643	1.611	1.525
AUDUSD	\$0.903	-0.001		0.881	0.938	1.025

	<b>Spot</b>	<b>18-Feb</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥93.49	+0.542		95.16	95.88	91.41
CADAUD	\$1.012	+0.002		1.037	1.023	0.958
GBPCAD	£1.827	-0.006		1.799	1.680	1.554
EURJPY	¥140.83	+1.130		141.18	135.05	122.81
EURAUD	\$1.52	+0.007		1.54	1.44	1.29

## Economic Releases

### United States

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Wed, Feb 19	Housing Starts	31-Jan	950K	--	999K
Thu, Feb 20	Leading Indicators	31-Jan	0.4%	--	0.1%
Thu, Feb 20	Continuing Claims	8-Feb	2970K	--	2953K
Thu, Feb 20	Initial Jobless Claims	15-Feb	335K	--	339K
Thu, Feb 20	Consumer Price Index (MoM)	31-Jan	0.1%	--	0.3%
Fri, Feb 21	Existing Home Sales	31-Jan	4.68M	--	4.9M

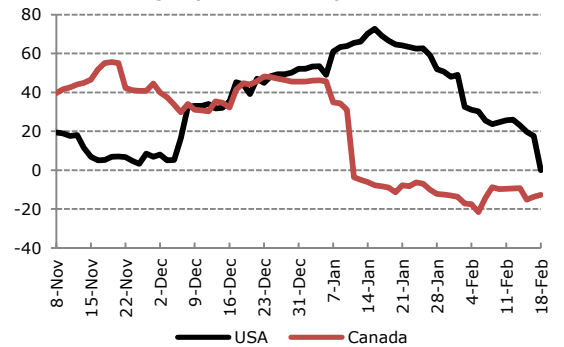
### Canada

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Fri, Feb 21	BOC CPI Core (YoY)	31-Jan	1.3%	--	1.3%
Fri, Feb 21	Retail Sales (MoM)	31-Dec	-0.4%	--	0.6%
Fri, Feb 21	Consumer Price Index	31-Jan	1.3%	--	1.2%

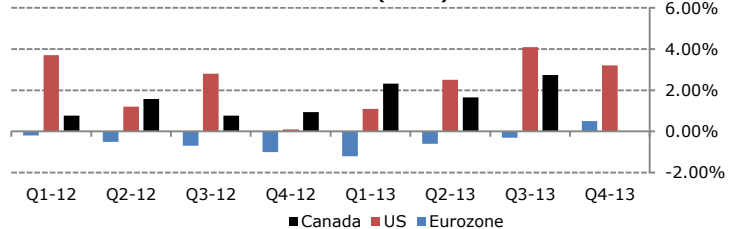
## Economics

	<b>Q1-13</b>	<b>Q2-13</b>	<b>Q3-13</b>	<b>Q4-13</b>	<b>2013E</b>
<b>Canada</b>					
Real GDP	2.32%	1.65%	2.74%	NA	1.80%
CPI	0.90%	0.77%	1.17%	0.93%	0.90%
Unemployment	7.30%	7.10%	6.90%	7.20%	7.05%
<b>US</b>					
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%
<b>China</b>					
Real GDP	7.70%	7.50%	7.80%	7.70%	7.70%

### Citigroup Economic Surprise Index



### Real GDP (YoY%)



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