

Today's Commentary

The S&P and TSX both traded flat on Wednesday while rates are lower, lead by the US 10-year, now yielding 2.64% (-7bps). Canadian 10 years also gained and are now yielding 2.42% (-6bps). These moves are counter to the strong US New Home Sales release yesterday at 468k (expected 405k) and may be due to economic stability in Europe being threatened by ongoing tension between Russia and Ukraine, prompting a move towards 'safe' securities.

Fed Chair Janet Yellen will deliver her semi-annual monetary policy report testimony today to the Senate, which was postponed from February 13th due to a snow storm. Yellen said earlier this month that the US economy has strengthened enough to withstand cuts to its bond purchasing program, adding that only a notable change to the outlook would prompt the Fed to slow the pace of tapering. The USD is near a 2 week high against its major currency peers amid prospects that Yellen will not present any new information or changes to her earlier testimony and the central bank will continue to scale down its bond purchases. Yesterday's report of new U.S. homes purchases provides evidence to the Fed's economic outlook, revealing an unexpected increase in January sales to the highest level in more than five years. The total number of new homes sold increased by 9.6% to a 468,000 annualized pace and surpassed the highest estimate of economists surveyed by Bloomberg. Stocks rose after the report, erasing earlier losses.

Brazil slowed the pace of monetary tightening on Wednesday, signalling it may be near the end of a rate-hiking cycle that threatened to tip Latin America's largest economy into a recession. The central bank's monetary policy committee voted unanimously to hike its Selic rate by 25 basis points, breaking a streak of six straight 50-basis-point hikes that took the benchmark rate to its highest level in over two years. The bank kept its post-decision statement almost unchanged from the previous one, only removing a phrase added at its last meeting that said the decision had been taken "at this moment." While the bank did not close the door to raising rates again at its next meeting in April, many economists saw the decision as a signal that it may soon end one of the world's most aggressive monetary tightening cycles. "The central bank is signaling that it is ready to end the cycle," said Andre Perfeito, chief economist at Gradual Investimentos in Sao Paulo. "The bank is being more cautious due to a sense that economic activity can slow down a lot in 2014." Brazil nearly slipped into a recession in the second half of 2013, according to economists polled by Reuters last week. Official data set for release on Thursday is expected to show the economy expanded by a meager 0.3 percent in the fourth quarter from the previous quarter, according to the poll.

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 to subscribe/unsubscribe.

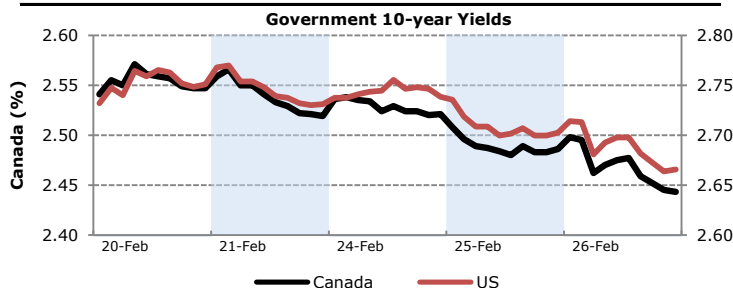
Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Durable Goods Orders	Jan-14	-1.7%	--	-4.3%
Continuing Claims	8-Feb	2985K	--	2981K
Initial Jobless Claims	15-Feb	335K	--	336K

Canada

None Scheduled

Interest Rates



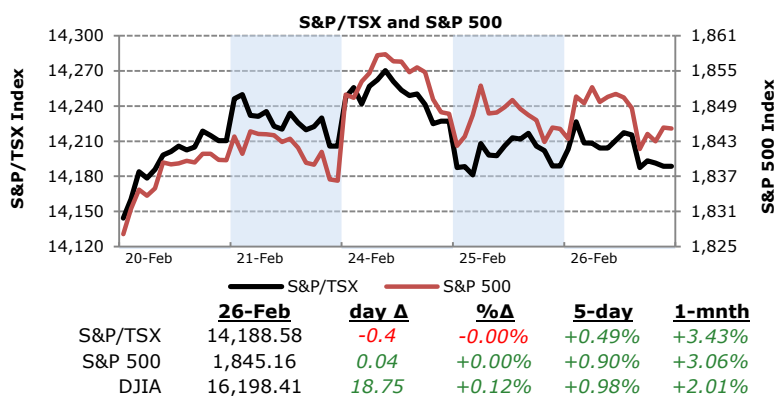
Master of Financial Economics Program



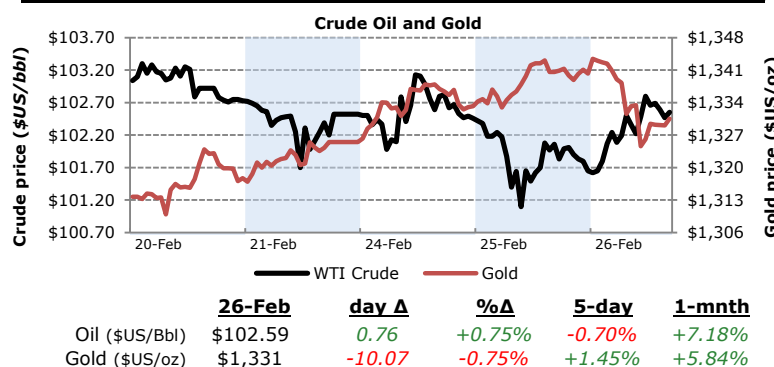
The Master of Financial Economics Program at the University of Toronto is a collaborative program of the Department of Economics and the Rotman School of Management. The program's key objective is to provide a broad understanding of Financial Theory and the Economics framework upon which that theory 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/>

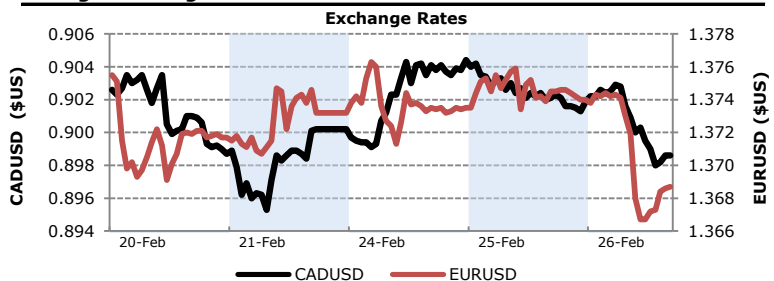
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	26-Feb	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.113		+0.004	1.108	1.112	1.023
EURUSD	\$1.369		-0.006	1.373	1.367	1.314
USDJPY	¥102.38		+0.140	102.310	102.55	92.24

Government 10-year Yields

	26-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.44%	-0.043%	2.43%	2.54%	1.86%
United States	2.67%	-0.037%	2.75%	2.74%	1.88%

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.

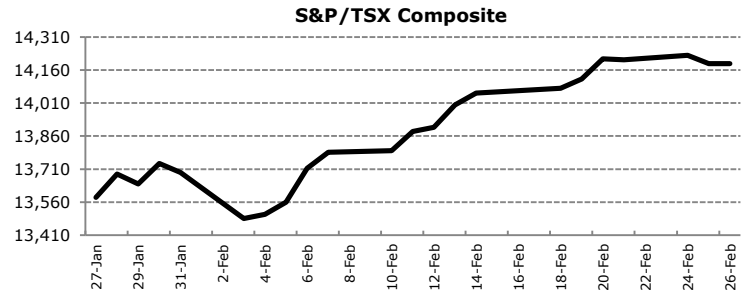
<http://www.rotman.utoronto.ca/financeassociation>

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	26-Feb	day Δ	%Δ
S&P/TSX	14,188.58	-0.4	-0.00%
Trailing S&P/TSX			
5-day	+0.49%	+0.46%	
1-month	+3.43%	+3.34%	
3-months	+6.28%	+5.86%	
6-months	+11.19%	+11.12%	
12-months	+12.07%	+11.83%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.99%	+0.79%	+0.01%	+33.73%
C. Staples	+0.34%	+2.68%	+4.24%	+24.72%
Energy	-0.34%	-0.01%	+3.58%	+12.93%
Financials	-0.27%	-0.16%	+1.32%	+15.60%
Healthcare	+0.21%	+1.20%	+7.42%	+48.74%
Info Tech	+1.52%	+3.22%	+3.38%	+37.83%
Industrials	+0.47%	+1.34%	+4.53%	+23.48%
Materials	-0.12%	+1.52%	+7.65%	-11.70%
Metals & Mining	+0.96%	-0.55%	+0.65%	-8.45%
Telecom	-0.01%	+0.91%	+0.11%	+0.67%
Utilities	-0.51%	-1.55%	+2.04%	-6.86%

TSX Top Performers

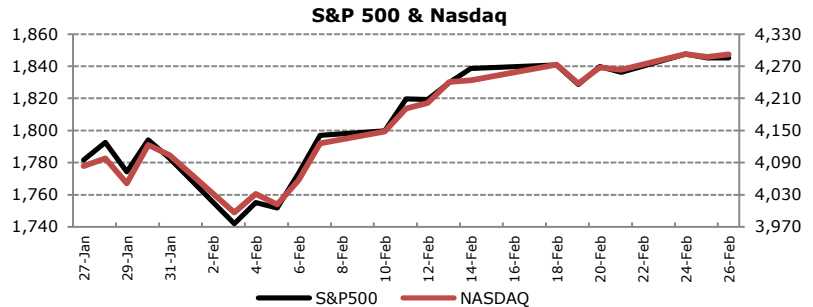
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Davis & Henderson Corp	+5.68%	+6.38%	+10.23%	+42.99%
Cameco Corp	+5.00%	+12.28%	+10.15%	+23.45%
Constellation Software In	+4.76%	-3.42%	+6.50%	+99.20%
Element Financial Corp	+4.33%	+6.79%	+7.78%	+71.87%
Descartes Systems Grp/Tf	+4.24%	+3.70%	+7.69%	+74.54%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Silvercorp Metals Inc	-7.23%	-1.67%	-0.34%	-29.09%
Detour Gold Corp	-6.65%	+1.27%	+55.28%	-55.04%
Argonaut Gold Inc	-5.22%	+0.17%	+17.61%	-28.36%
Trican Well Service Ltd	-4.99%	-2.21%	+5.47%	+3.24%
Innervex Renewable Ener	-4.27%	-3.89%	-5.77%	-9.06%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
26-Feb	1,845.16	16,198.41	4,292.06
1-day	+0.00%	+0.12%	+0.10%
5-day	+0.90%	+0.98%	+1.28%
1-month	+3.06%	+2.01%	+3.97%
3-months	+2.35%	+0.78%	+6.83%
6-months	+11.37%	+8.38%	+17.35%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.59%	+2.43%	+4.31%	+32.88%
C. Staples	-0.20%	+0.86%	+0.58%	+9.71%
Energy	-0.61%	+0.94%	+2.54%	+12.58%
Financials	-0.13%	+0.36%	+1.56%	+23.82%
Healthcare	-0.02%	+1.16%	+5.98%	+37.35%
Info Tech	+0.12%	+0.27%	+2.80%	+26.20%
Industrials	+0.05%	+1.18%	+3.07%	+27.31%
Materials	+0.73%	+1.53%	+5.98%	+23.28%
Telecom	-0.29%	-1.28%	-2.36%	-3.97%
Utilities	-0.48%	+0.08%	+5.37%	+8.98%

DJIA Top Performers

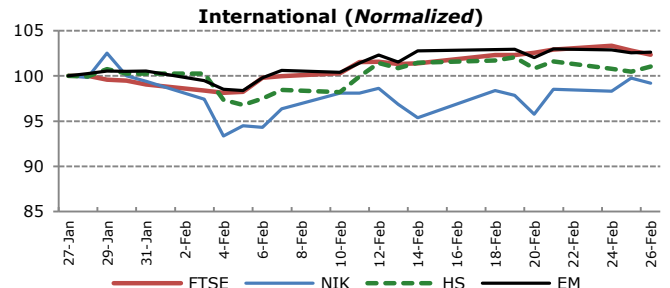
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Wal-Mart Stores Inc	+1.95%	-0.09%	+0.48%	+5.16%
Unitedhealth Group Inc	+0.98%	+3.41%	+6.23%	+43.37%
Du Pont (E.I.) De Nemour	+0.91%	+1.95%	+9.24%	+39.47%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Mcdonald'S Corp	-0.76%	+0.36%	+1.55%	-0.34%
Exxon Mobil Corp	-0.54%	+1.96%	+0.99%	+8.23%
At&T Inc	-0.53%	-2.59%	-4.25%	-9.83%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,799.15	14,970.97	22,437.44	956.26
1-day	-0.46%	-0.54%	+0.54%	+0.08%
5-day	+0.04%	+1.38%	-1.00%	-0.30%
1-month	+2.03%	-2.73%	-0.06%	+0.67%
3-months	+2.46%	-3.51%	-5.25%	-4.89%
6-months	+4.73%	+9.79%	+1.96%	+2.52%
12-months	+8.43%	+31.34%	-0.37%	-8.29%



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Nymex WTI Crude Oil

(\$US/Bbl)	26-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$102.59	+\$0.76	+0.75%	-0.70%	+7.18%
Cal 14	\$98.73	+\$0.48	+0.49%	-0.05%	+9.76%
Cal 15	\$89.87	+\$0.22	+0.24%	-0.08%	+6.74%

(\$US/bbl)	Q3-14	Q4-14	Q1-15	Q2-15	2015
Consensus Forecast	\$97.00	\$95.00	\$96.50	\$95.00	\$94.86
Current Forward	\$98.70	\$95.79	\$92.98	\$90.60	\$89.87

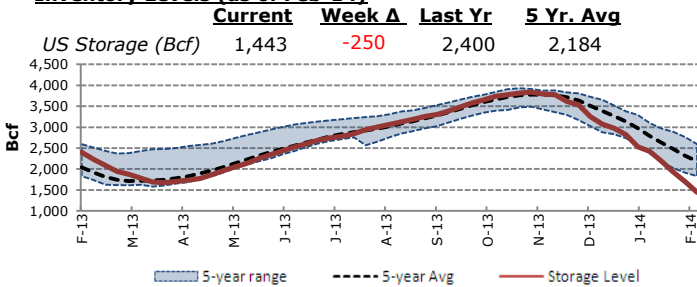
Inventory Levels (as of Feb-21)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	362,393	+68	337,426	319,411
Motor Gas	230,600	-2,807	214,389	200,481
Distillates	113,062	+338	171,756	140,851

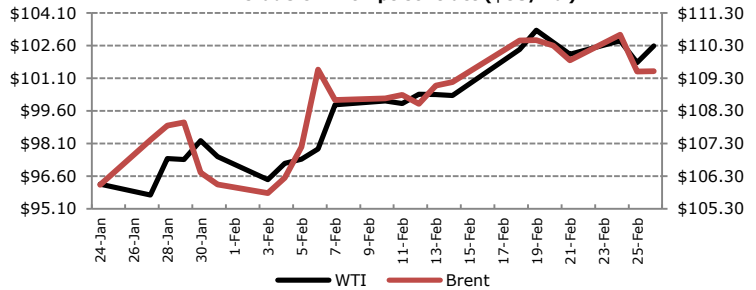
Nymex Natural Gas

(\$US/MMbtu)	26-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.86	-\$0.24	-4.73%	-21.04%	+0.17%
Apr14-Oct14	\$4.55	-\$0.05	-1.17%	-4.86%	+11.78%
Nov14-Mar15	\$4.63	-\$0.11	-2.31%	-5.20%	+9.00%
Apr15-Oct15	\$4.07	+\$0.08	+2.12%	+1.46%	+2.46%
Nov15-Mar16	\$4.21	-\$0.08	-1.78%	-1.76%	+1.00%

Inventory Levels (as of Feb-14)



Crude Oil Prompt Contract (\$US/Bbl)

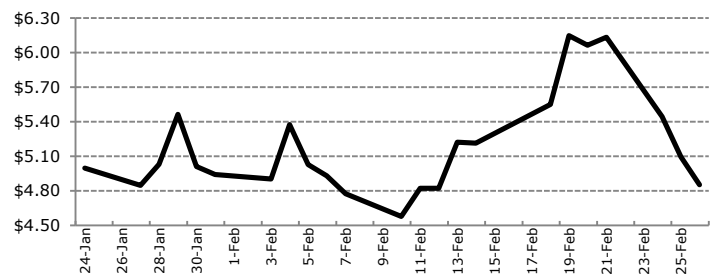


WTI Brent

UK Brent Crude Oil

(\$US/Bbl)	26-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$109.52	+\$0.01	+0.01%	-0.86%	+1.96%

Nat Gas Prompt (\$US/MMbtu)



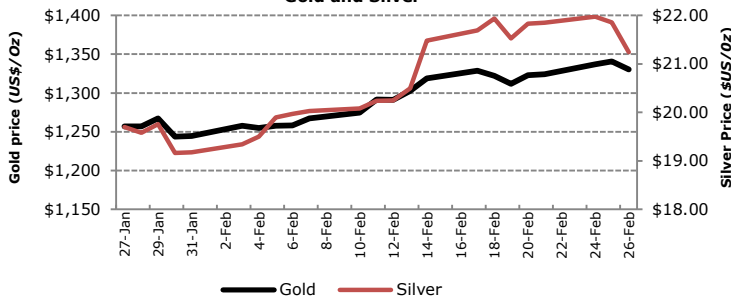
Alberta Natural Gas

(\$CAD/GJ)	26-Feb	day Δ	%Δ
AECO Mar-14	\$5.44	+\$0.61	+12.7%

Precious Metals

\$US/oz	26-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,330.57	-\$10.07	-0.8%	+1.4%	+5.8%	+8.8%
Silver	\$21.24	-\$0.62	-2.8%	-1.3%	+7.8%	+11.0%
Platinum	\$1,435	-\$3.75	-0.3%	+1.5%	+1.6%	+5.5%

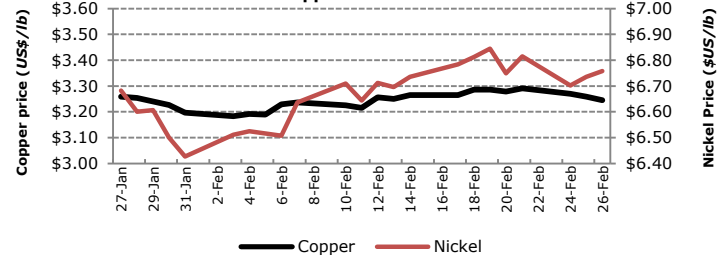
Gold and Silver



Industrial Metals

\$US/lb	26-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.24	-\$0.01	-0.4%	-1.2%	-0.4%	+1.4%
Nickel	\$6.76	+\$0.02	+0.3%	-1.3%	+1.1%	+7.8%
Zinc	\$1.04	+\$0.01	+0.8%	+0.1%	+3.4%	+11.0%
Aluminum	\$0.79	+\$0.01	+1.3%	+1.3%	+1.3%	+2.6%
Uranium	\$35.50	+\$0.00	0.0%	-0.6%	-0.6%	-1.4%

Copper and Nickel



Agriculture & Other

	26-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.61	-\$0.00	-0.1%	+0.2%	+5.3%
Wheat (\$US/bu)	\$6.06	-\$0.13	-2.0%	-1.3%	+5.9%
Soybeans (\$US/bu)	\$13.97	+\$0.10	+0.7%	+4.1%	+9.9%
Rough Rice (\$US/cwt)	\$15.62	-\$0.14	-0.9%	+0.4%	+0.6%
Sugar #11 (¢US/lb)	¢17.67	¢0.01	-0.1%	+4.9%	+16.0%
Lean Hogs (¢US/lb)	¢101.03	¢0.45	+0.4%	+3.9%	+8.0%
Live Cattle (¢US/lb)	¢144.53	¢2.13	+1.5%	+1.9%	+3.0%
Cotton No.2 (\$US/lb)	\$0.86	-\$0.01	-1.1%	-1.8%	+1.8%
Lumber (\$US/Mbft)	\$353.60	-\$6.60	-1.8%	-1.8%	-0.6%

Commodity ETFs

\$CAD	26-Feb	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$5.03	+\$0.05	+1.0%	-0.8%	+15.4%
HBP Nat Gas U	\$16.10	-\$0.94	-5.5%	-13.9%	+3.2%
iShares Gold ETF	\$11.80	-\$0.13	-1.1%	+1.5%	+5.8%

\$USD	26-Feb	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$36.75	+\$0.16	+0.4%	-0.41%	+6.3%
US Nat Gas	\$25.11	-\$0.69	-2.7%	-6.83%	+2.0%
PSDB Agriculture	\$27.11	+\$0.03	+0.1%	1.92%	+11.8%
PSDB Base Metals	\$16.26	-\$0.08	-0.5%	-1.22%	-0.6%

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Interest Rates

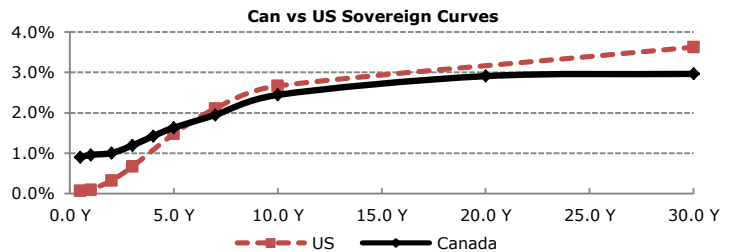
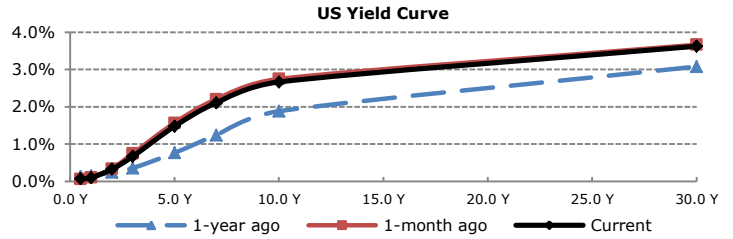
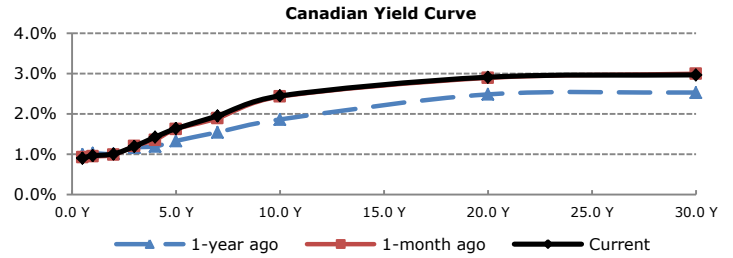
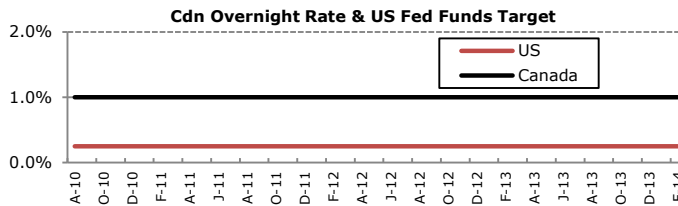
Canadian yield curve

	26-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.86%	-	0.90%	0.94%	0.96%
6-mnth	0.90%	-	0.92%	0.96%	0.99%
12-mnth	0.96%	+0.00%	0.94%	1.00%	1.02%
2-year	1.01%	-0.02%	0.98%	1.09%	1.01%
5-year	1.63%	-0.04%	1.62%	1.72%	1.33%
10-year	2.44%	-0.04%	2.43%	2.54%	1.86%
20-year	2.91%	-0.03%	2.89%	3.04%	2.48%
30-year	2.96%	-0.03%	2.99%	3.14%	2.53%

US yield curve

	26-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.04%	-	0.05%	0.06%	0.11%
6-mnth	0.07%	-	0.06%	0.10%	0.13%
12-mnth	0.10%	-	0.10%	0.11%	0.15%
2-year	0.32%	+0.01%	0.34%	0.29%	0.24%
5-year	1.48%	-0.04%	1.57%	1.36%	0.76%
10-year	2.67%	-0.04%	2.75%	2.74%	1.88%
30-year	3.62%	-0.03%	3.66%	3.82%	3.08%

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



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	26-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.113	+0.004		1.112	1.051	1.023
EURUSD	\$1.369	-0.006		1.367	1.356	1.314
USDJPY	¥102.38	+0.140		102.55	101.27	92.24
GBPUSD	\$1.667	-0.001		1.659	1.623	1.516
AUDUSD	\$0.897	-0.005		0.874	0.918	1.023

	Spot	26-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥92.00	-0.236		92.26	96.30	90.16
CADAUD	\$1.002	+0.002		1.030	1.036	0.955
GBPCAD	£1.855	+0.006		1.844	1.706	1.551
EURJPY	¥140.11	-0.410		140.22	137.28	121.17
EURAUD	\$1.53	+0.002		1.56	1.48	1.28

Economic Releases

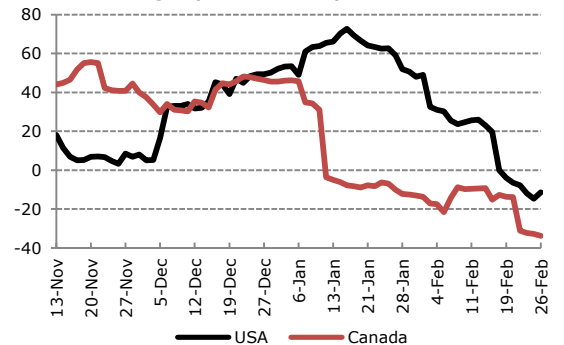
United States

		Period	Survey	Actual	Prior
Tue, Feb 25	Consumer Confidence	28-Feb	80	78.1	80.7
Wed, Feb 26	New Home Sales	31-Jan	400K	468K	414K
Thu, Feb 27	Durable Goods Orders	31-Jan	-1.7%	--	-4.3%
Thu, Feb 27	Continuing Claims	8-Feb	2985K	--	2981K
Thu, Feb 27	Initial Jobless Claims	15-Feb	335K	--	336K
Fri, Feb 28	GDP QoQ (Annualized)	31-Mar	2.5%	--	0%

Canada

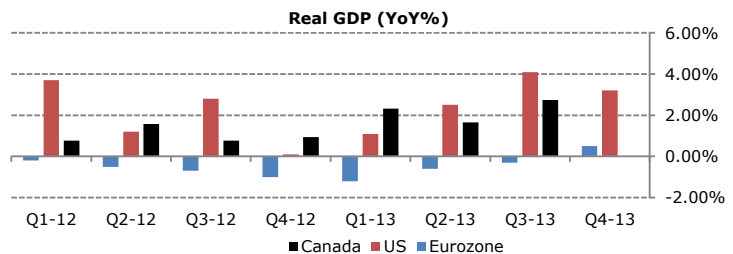
		Period	Survey	Actual	Prior
Fri, Feb 28	GDP MoM	31-Dec	-0.3%	--	0.2%

Citigroup Economic Surprise Index



Economics

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



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