

Today's Commentary

Stocks were mixed Wednesday with the S&P shedding -0.63% and the TSX adding +0.30% ahead of today's US CPI numbers, which came in-line with expectations of +0.1% m/m. Initial claims were also released as expected at 336k (expected 335k). US 10 year treasuries are now yielding 2.74%, while Canadian 10 years are at 2.53%. Tomorrow we will see Canadian CPI released, as well as retail sales statistics.

The FOMC minutes released today revealed Federal Reserve policy makers are considering changing their forward guidance of raising interest rates when unemployment falls below 6.5%. This was included in the minutes to the last meeting under former Fed leader, Ben Bernanke. In December 2012, the FOMC said it would hold the target interest rate near zero at least as long as unemployment remained above 6.5%, so long as forecasts for inflation do not climb above 2.5%. Currently, jobless rates are falling faster than expected though other labour market indicators are showing weakness. Central bankers agreed that, with the unemployment rate approaching 6.5%, the Committee will need to provide information about its decisions after that threshold was crossed, both with low interest rates and continuation of bond purchases trimming. The unemployment rate fell to 6.6% last month, the lowest in more than 5 years. Gold futures had been retreating ahead of the release of the FOMC minutes, and Gold spot prices extended their losses in response to the minutes, falling to an intraday low \$1,314/t oz.

Japan's trade deficit widened to an unprecedented level in January of 2.79 trillion yen (\$27.3B), mainly due to surging import costs. Declines in the Japanese yen are driving up import costs while exports have seen only limited gains from the currency's slide. The JPY has depreciated by more than 20% against the US dollar in the past two years. By volume, exports fell 0.2% in January, the first decline in four months, while imports gained 8%. Japan's weakened trade position has weighed on its overall economic growth, as revealed in Japan's quarterly GDP numbers released on Monday. The trade deficit is expected to widen further due to a possible pick-up in demand ahead of the sales-tax increase in April. Central bank Governor Haruhiko Kuroda says he's prepared to do whatever is needed to support Japan's recovery and drag the nation out of 15 years of deflation. On Tuesday this week, the BOJ tweaked its policies by doubling a funding tool to 7 trillion yen (\$68 billion) and letting individual banks borrow twice as much low-interest money as previously under a second facility.

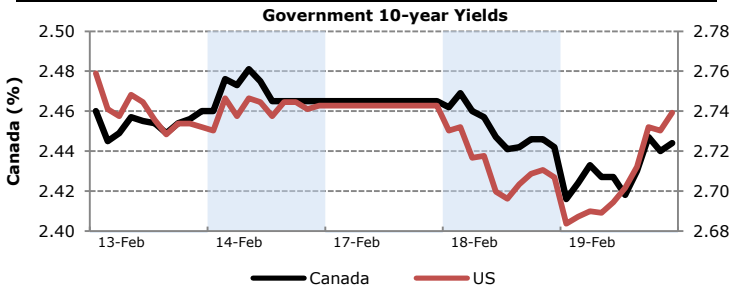
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

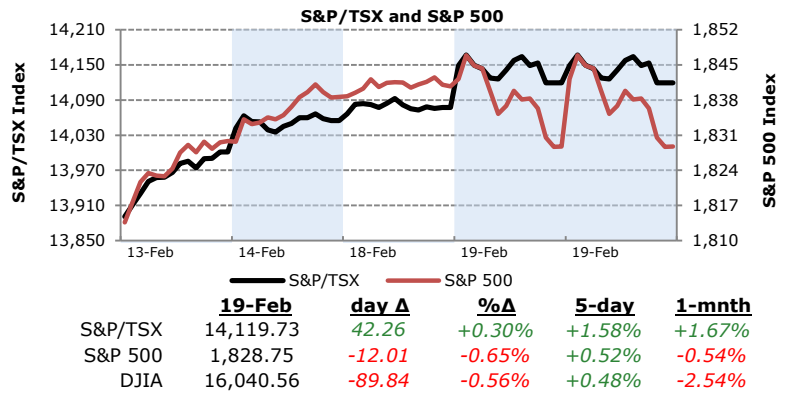
United States	Period	Survey	Actual	Prior
Leading Indicators	31-Jan	0.3%	0.1%	0.8%
Continuing Claims	15-Feb	2970K	2981K	2953K
Initial Jobless Claims	15-Feb	335K	336K	339K

Canada	Period	Survey	Actual	Prior
None Scheduled				

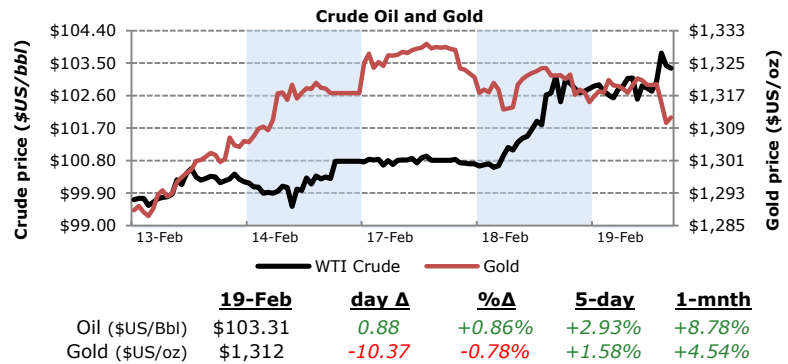
Interest Rates



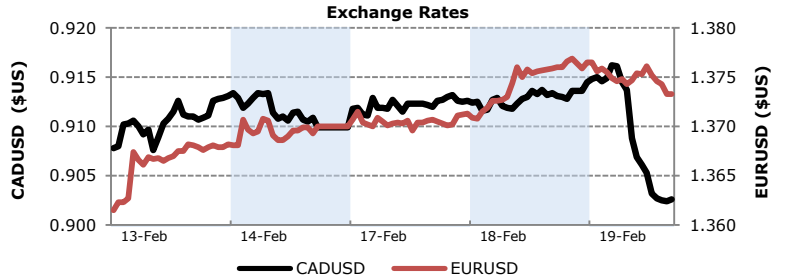
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	19-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.108	+0.013	1.100	1.097	1.022
EURUSD	\$1.373	-0.003	1.359	1.356	1.319
USDJPY	¥102.31	-0.050	102.530	104.30	93.42

Government 10-year Yields

	19-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.44%	0.002%	2.49%	2.62%	2.02%
United States	2.74%	0.032%	2.82%	2.78%	2.03%

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>

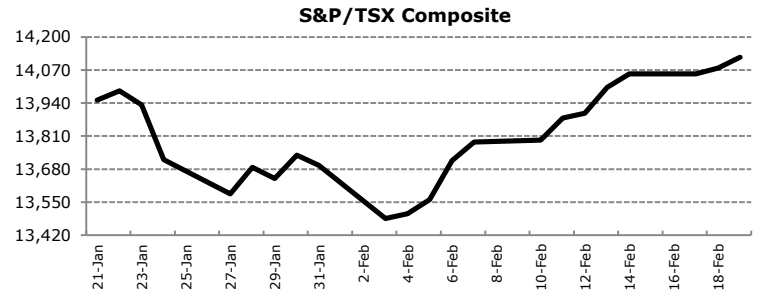
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	19-Feb	day Δ	%Δ
S&P/TSX	14,119.73	42.26	+0.30%

	Trailing S&P/TSX	TSX 60
5-day	+1.58%	+1.66%
1-month	+1.67%	+1.51%
3-months	+5.04%	+4.59%
6-months	+12.17%	+12.24%
12-months	+10.22%	+10.17%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.40%	+0.46%	-2.27%	+30.14%
C. Staples	-0.23%	+0.11%	-0.12%	+20.53%
Energy	+1.00%	+2.00%	+3.02%	+10.38%
Financials	+0.57%	+1.83%	-0.18%	+15.16%
Healthcare	-0.66%	+2.23%	+4.63%	+45.78%
Info Tech	-0.34%	+0.50%	+3.16%	+29.46%
Industrials	+0.43%	+0.05%	+0.65%	+19.66%
Materials	-1.14%	+1.77%	+4.46%	-14.25%
Metals & Mining	-0.69%	-1.56%	-3.07%	-13.08%
Telecom	+0.11%	+1.04%	-1.75%	-0.81%
Utilities	-0.37%	+1.05%	+4.38%	-5.24%

TSX Top Performers

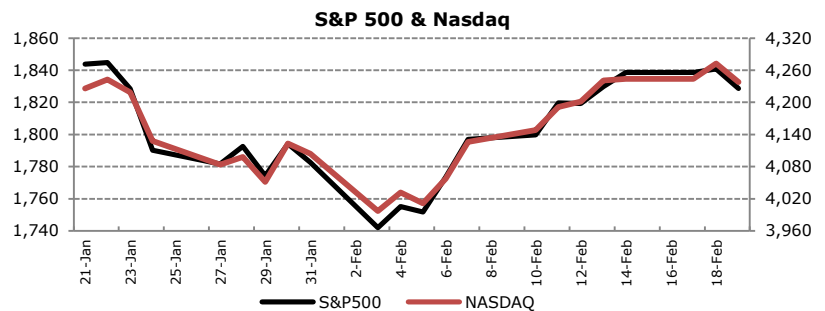
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Air Canada-Class B		+4.64%	-5.79%	-35.39%	+139.18%
Canadian Natural Resource		+3.70%	+5.53%	+13.75%	+30.77%
Turquoise Hill Resources		+3.32%	-1.06%	-8.35%	-34.09%
Talisman Energy Inc		+2.60%	-0.59%	-5.65%	-6.69%
Birchcliff Energy Ltd		+2.57%	+17.83%	+17.97%	+30.46%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Sherritt International Co		-11.95%	-9.58%	-20.11%	-45.49%
China Gold International		-8.17%	-2.03%	+10.13%	+1.81%
Torex Gold Resources Inc		-8.13%	-2.59%	-13.08%	-36.16%
Fortuna Silver Mines Inc		-6.94%	+2.40%	+22.77%	+10.61%
Silvercorp Metals Inc		-6.83%	-8.81%	+2.04%	-24.62%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
19-Feb	1,828.75	16,040.56	4,237.95
1-day	-0.65%	-0.56%	-0.82%
5-day	+0.52%	+0.48%	+0.87%
1-month	-0.54%	-2.54%	+0.96%
3-months	+2.29%	+0.46%	+7.79%
6-months	+11.10%	+6.86%	+18.08%
12-months	+19.45%	+14.28%	+31.88%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.91%	+0.17%	-0.73%	+26.49%
C. Staples	-0.31%	+0.04%	-1.89%	+8.40%
Energy	+0.05%	+2.22%	-0.82%	+8.03%
Financials	-1.29%	-0.61%	-2.60%	+19.32%
Healthcare	-0.60%	+1.42%	+2.18%	+33.52%
Info Tech	-0.53%	+0.69%	+0.54%	+23.12%
Industrials	-0.88%	-0.16%	-2.19%	+22.11%
Materials	-0.73%	+1.02%	-0.32%	+16.94%
Telecom	+0.48%	-0.53%	-2.50%	-1.90%
Utilities	-0.56%	+1.55%	+5.09%	+8.52%

DJIA Top Performers

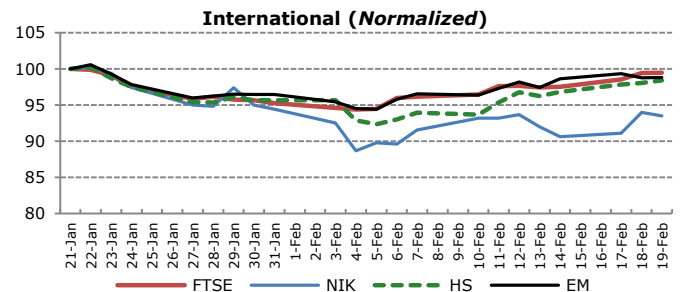
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Verizon Communications In		+1.20%	-1.77%	-3.76%	+4.56%
Chevron Corp		+0.79%	+1.40%	-4.77%	-2.00%
United Technologies Corp		+0.26%	+1.12%	-0.15%	+25.29%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Jpmorgan Chase & Co		-2.10%	-0.45%	-1.46%	+15.79%
Boeing Co/The		-1.71%	+0.20%	-8.59%	+71.99%
Home Depot Inc		-1.44%	-1.07%	-5.62%	+13.18%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,796.71	14,766.53	22,664.52	959.09
1-day	+0.00%	-0.52%	+0.34%	+0.02%
5-day	+1.82%	-0.23%	+1.70%	+0.61%
1-month	-0.48%	-6.15%	-2.03%	-1.36%
3-months	+1.47%	-2.38%	-4.20%	-6.39%
6-months	+5.12%	+7.33%	+0.89%	+1.50%
12-months	+6.55%	+29.85%	-2.07%	-9.86%



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Nymex WTI Crude Oil

(\$US/Bbl)	19-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$103.31	+\$0.88	+0.86%	+2.93%	+8.78%
Cal 14	\$99.24	+\$0.37	+0.37%	+2.20%	+9.54%
Cal 15	\$89.94	-\$0.23	-0.25%	+0.57%	+6.11%

(\$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	\$101.82	\$98.70	\$95.83	\$93.10	\$89.94

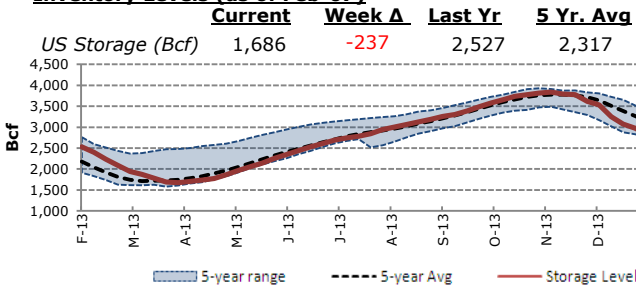
Inventory Levels (as of Feb-07)

(MMbbls)	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

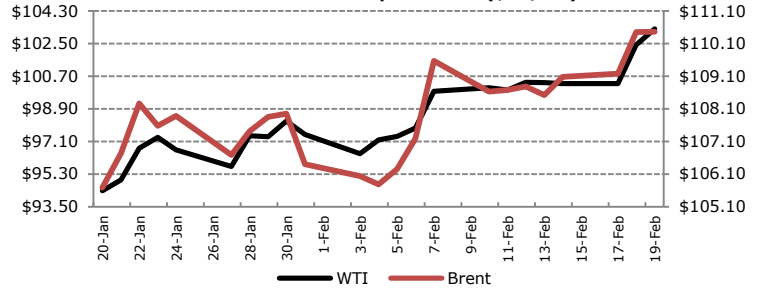
Nymex Natural Gas

(\$US/MMbtu)	19-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$6.15	+\$0.60	+10.77%	+27.52%	+38.77%
Apr14-Oct14	\$4.78	+\$0.09	+2.03%	+4.82%	+17.22%
Nov14-Mar15	\$4.88	+\$0.07	+1.42%	+3.61%	+14.43%
Apr15-Oct15	\$4.01	-\$0.03	-0.63%	-0.31%	+0.72%
Nov15-Mar16	\$4.29	-\$0.01	-0.31%	+0.14%	+2.81%

Inventory Levels (as of Feb-07)



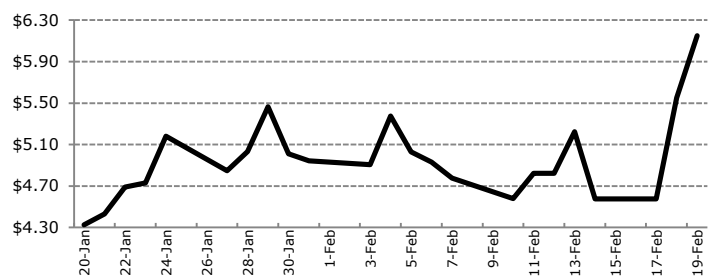
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	19-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$110.47	+\$0.01	+0.01%	+1.54%	+3.50%

Nat Gas Prompt (\$US/MMbtu)

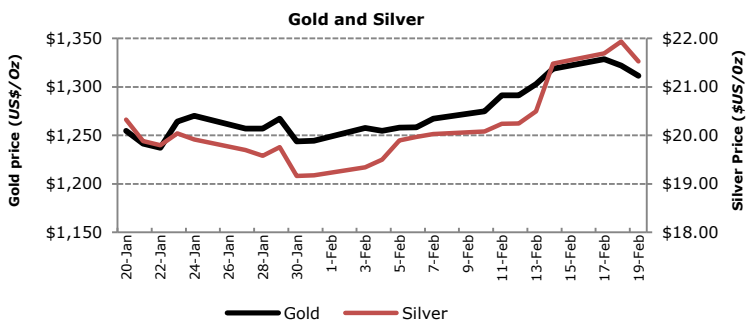


Alberta Natural Gas

(\$CAD/GJ)	19-Feb	day Δ	%Δ
AECO Mar-14	\$5.69	+\$0.36	+6.8%

Precious Metals

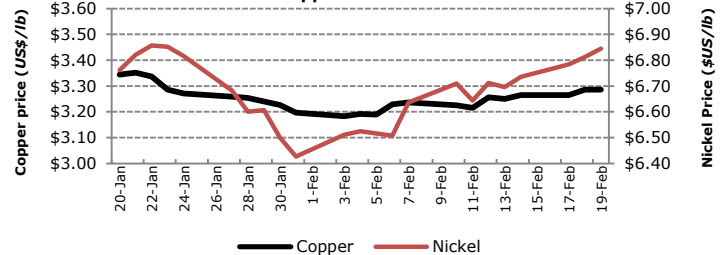
\$US/oz	19-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,311.60	-\$10.37	-0.8%	+1.6%	+4.5%	+5.5%
Silver	\$21.53	-\$0.41	-1.9%	+6.3%	+5.9%	+8.4%
Platinum	\$1,413	-\$11.25	-0.8%	+0.5%	-3.8%	+2.8%



Industrial Metals

\$US/lb	19-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.29	+\$0.00	0.0%	+0.9%	-1.8%	+2.2%
Nickel	\$6.84	+\$0.03	+0.5%	+2.0%	+1.2%	+8.3%
Zinc	\$1.04	+\$0.00	+0.2%	+2.7%	+0.3%	+10.7%
Aluminum	\$0.78	+\$0.01	+1.3%	+1.3%	-2.5%	-1.3%
Uranium	\$35.70	+\$0.00	0.0%	0.0%	-1.0%	-1.2%

Copper and Nickel



Agriculture & Other

	19-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.60	+\$0.05	+1.0%	+3.2%	+6.5%
Wheat (\$US/bu)	\$6.14	+\$0.06	+1.0%	+4.6%	+7.8%
Soybeans (\$US/bu)	\$13.42	-\$0.06	-0.4%	+2.5%	+6.2%
Rough Rice (\$US/cwt)	\$15.56	-\$0.06	-0.4%	+0.2%	+0.4%
Sugar #11 (¢US/lb)	¢16.85	+¢0.35	+2.1%	+4.6%	+9.3%
Lean Hogs (¢US/lb)	¢97.20	-¢0.17	-0.2%	+3.0%	+5.2%
Live Cattle (¢US/lb)	¢141.83	-¢0.30	-0.2%	+0.7%	+1.1%
Cotton No.2 (\$US/lb)	\$0.88	-\$0.02	-1.8%	-1.1%	-0.6%
Lumber (\$US/Mbft)	\$360.00	+\$0.90	+0.3%	+0.8%	-2.4%

Commodity ETFs

\$CAD	19-Feb	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$5.07	+\$0.07	+1.4%	+6.3%	+17.6%
HBP Nat Gas U	\$18.69	+\$0.98	+5.5%	+20.1%	+39.2%
iShares Gold ETF	\$11.63	-\$0.10	-0.9%	+1.5%	+5.5%

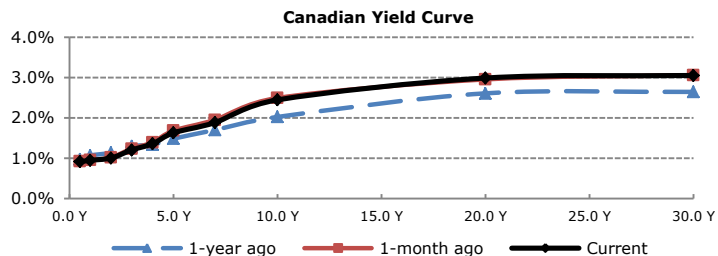
\$USD	19-Feb	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$36.90	+\$0.24	+0.7%	3.07%	+9.5%
US Nat Gas	\$26.95	+\$0.75	+2.9%	13.47%	+29.1%
PSDB Agriculture	\$26.60	+\$0.47	+1.8%	4.35%	+10.1%
PSDB Base Metals	\$16.46	-\$0.01	-0.1%	1.60%	-2.1%

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Interest Rates

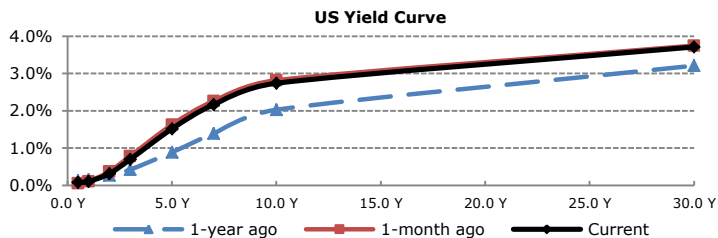
Canadian yield curve

	19-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.87%	-0.01%	0.89%	0.94%	0.95%
6-mnth	0.91%	-	0.92%	0.96%	0.97%
12-mnth	0.95%	-0.00%	0.95%	1.01%	1.06%
2-year	1.00%	+0.01%	1.02%	1.11%	1.14%
5-year	1.63%	+0.01%	1.68%	1.78%	1.48%
10-year	2.44%	+0.00%	2.49%	2.62%	2.02%
20-year	2.99%	+0.01%	2.95%	3.11%	2.61%
30-year	3.05%	+0.01%	3.06%	3.20%	2.64%

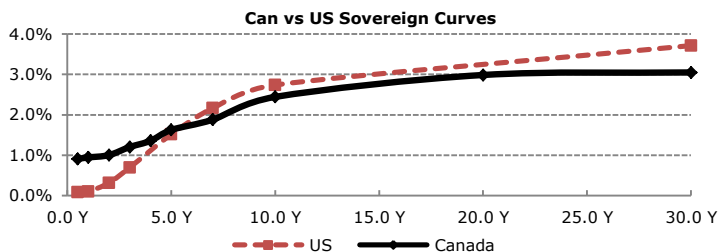
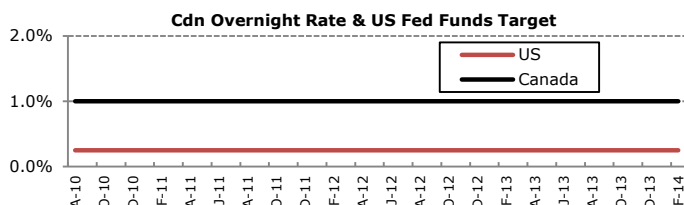


US yield curve

	19-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.05%	+0.03%	0.03%	0.07%	0.11%
6-mnth	0.08%	+0.01%	0.06%	0.09%	0.13%
12-mnth	0.10%	+0.01%	0.10%	0.11%	0.15%
2-year	0.31%	+0.02%	0.37%	0.27%	0.27%
5-year	1.52%	+0.04%	1.63%	1.36%	0.89%
10-year	2.74%	+0.03%	2.82%	2.78%	2.03%
30-year	3.71%	+0.04%	3.75%	3.89%	3.21%



	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	19-Feb	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.108		+0.013	1.097	1.047	1.022
EURUSD	\$1.373		-0.003	1.356	1.354	1.319
USDJPY	¥102.31		-0.050	104.30	100.14	93.42
GBPUSD	\$1.668		-0.000	1.648	1.612	1.516
AUDUSD	\$0.900		-0.003	0.881	0.943	1.032

	Spot	19-Feb	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥92.34		-1.152	95.10	95.64	91.44
CADAUD	\$1.003		-0.009	1.035	1.013	0.948
GBPCAD	£1.848		+0.021	1.807	1.688	1.549
EURJPY	¥140.51		-0.320	141.43	135.57	123.22
EURAUD	\$1.53		+0.002	1.54	1.44	1.28

Economic Releases

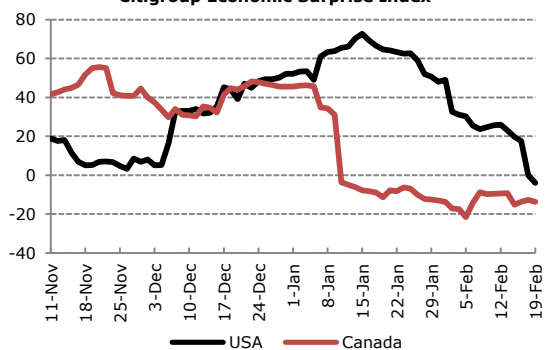
United States

		Period	Survey	Actual	Prior
Wed, Feb 19	Housing Starts	31-Jan	950K	880K	999K
Thu, Feb 20	Leading Indicators	31-Jan	0.3%	0.1%	0.8%
Thu, Feb 20	Continuing Claims	15-Feb	2970K	2981K	2953K
Thu, Feb 20	Initial Jobless Claims	15-Feb	335K	336K	339K
Thu, Feb 20	Consumer Price Index (MoM)	31-Jan	0.1%	0.1%	0.3%
Fri, Feb 21	Existing Home Sales	31-Jan	4.68M	--	4.9M

Canada

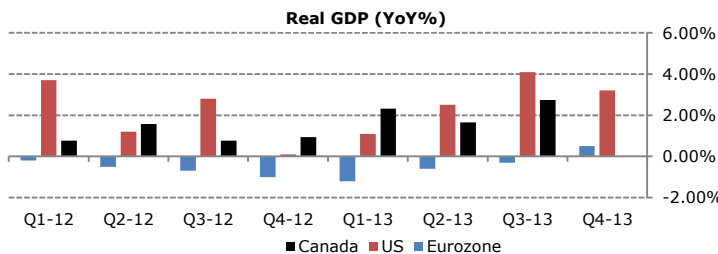
		Period	Survey	Actual	Prior
Fri, Feb 21	BOC CPI Core (YoY)	31-Jan	1.3%	--	1.3%
Fri, Feb 21	Retail Sales (MoM)	31-Dec	-0.4%	--	0.6%
Fri, Feb 21	Consumer Price Index	31-Jan	1.3%	--	1.2%

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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