

Today's Commentary

Stocks were up Thursday with the S&P 500 gaining +0.60% and the TSX +0.64% while bonds were relatively unchanged. US and Canadian 10-year yields are 2.76% and 2.54% respectively. Inflation data will be released in Canada this morning with an expectation of +1.3% y/y for both regular CPI and the BoC Core Rate, which could give policymakers some breathing room when balancing housing, and soft inflation.

Meanwhile in the US, January's existing home sales are scheduled to be reported at 10 a.m. EST, and are expected to show a decline of 3.5 percent to 4.7 million. The report follows this week's housing starts, which plunged 16 percent, a victim of bad winter weather. "I think people are kind of looking past it at least in terms of housing, and thinking it's the weather," said Barry Knapp, head of equity portfolio strategy at Barclays. Stocks rallied Thursday and bonds fell, as investors ignored a weak report from the Philadelphia Fed, which showed a plunge in new orders and a surprise contraction in manufacturing activity. "The stuff coming out of the manufacturing sector is just as confusing as the stuff coming out of the construction and housing sector," Knapp said. "I think it's a very choppy picture in the very short term but housing is basically in good, solid shape from an intermediate point of view," said Dick Hoey, BNY Mellon's chief economist. He said it's a positive that the housing market has cleared out a lot of inventory. "When the rates spiked up, you kind of calmed down that intensity of strength and now the rates have come off a little bit. If you think about the spring season, going into summer, you've got fairly moderate mortgage rates and assuming the economy starts to come back in the spring, you'll start to get the psychology of 'gee, this is a chance to get reasonable mortgage rates.'"

Bitcoin holders are offering the virtual money for \$110 on the online exchange Mt.Gox, down from \$829 two weeks ago. This followed a scheduled update late Thursday where Mt Gox said the freeze on withdrawals, which had started almost a month ago, would continue, blaming "security problems" and "technical challenges" for the latest delay. Mt.Gox, which had temporarily halted or delayed withdrawals several times last year, is one of the largest online exchanges where Bitcoins are traded for USD, EUR and other currencies. It has been exposed as having inadequate technology, a lack of resources to improve, and poor customer service. While Bitcoins can be used to buy everything from Tesla Motors Inc. cars to Gummy bears, they have also become a speculative investment, with the price soaring to more than \$1,200 last year from \$12 at the beginning of 2013 as it gained mainstream attention.

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.

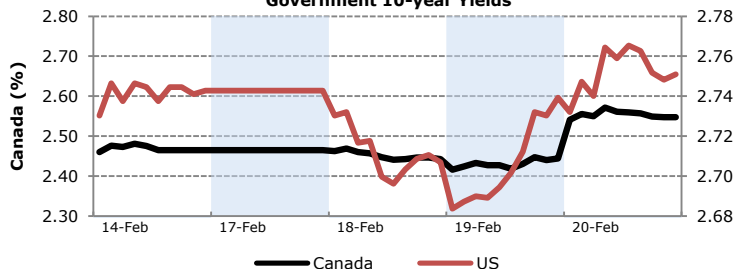
Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Existing Home Sales	31-Jan	4.67M	--	4.9M

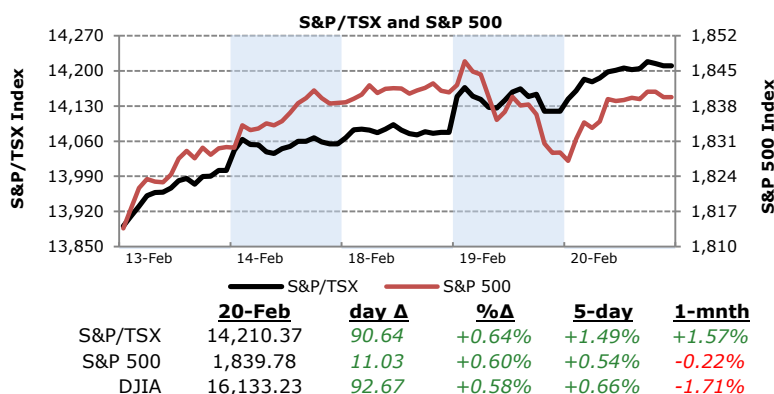
Canada	Period	Survey	Actual	Prior
BOC CPI Core (YoY)	31-Jan	1.3%	--	0.3%
Retail Sales (MoM)	31-Dec	-0.4%	--	0%
Consumer Price Index	31-Dec	1.3%	--	1.2%

Interest Rates

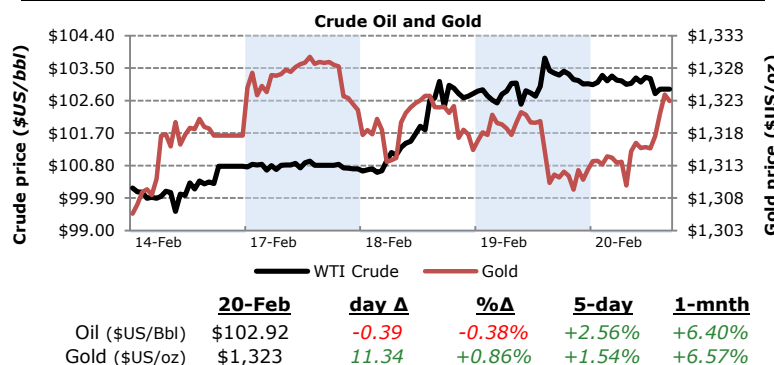
Government 10-year Yields



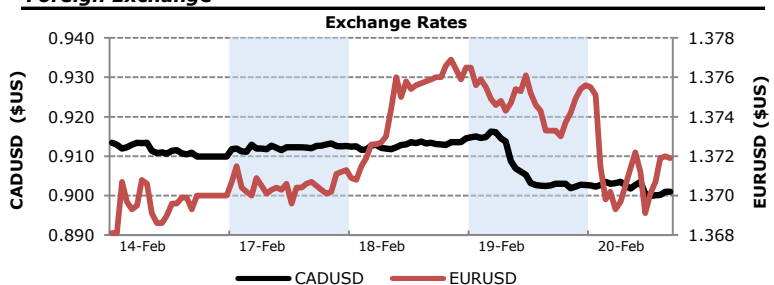
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	20-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.110	+0.002	1.098	1.109	1.026
EURUSD	\$1.372	-0.001	1.368	1.355	1.306
USDJPY	¥102.28	-0.030	102.170	104.52	91.82

Government 10-year Yields

	20-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.55%	0.103%	2.51%	2.57%	2.02%
United States	2.75%	0.012%	2.83%	2.74%	2.01%

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.

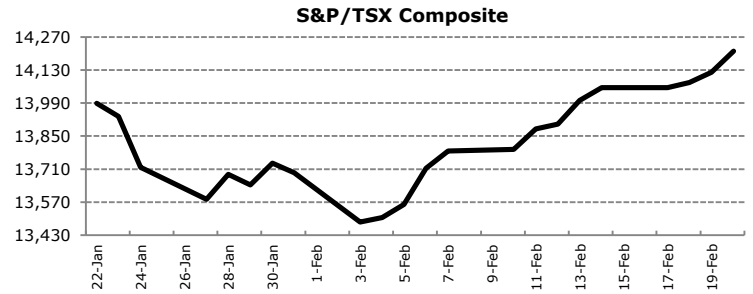
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	20-Feb	day Δ	%Δ
S&P/TSX	14,210.37	90.64	+0.64%
Trailing S&P/TSX			
5-day		+1.49%	+1.60%
1-month		+1.57%	+1.28%
3-months		+5.81%	+5.23%
6-months		+12.16%	+12.22%
12-months		+11.77%	+11.54%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.16%	+0.13%	-2.37%	+30.88%
C. Staples	+2.03%	+1.49%	+1.65%	+23.61%
Energy	-0.13%	+1.16%	+2.35%	+11.01%
Financials	+0.38%	+1.43%	-0.66%	+15.43%
Healthcare	+0.98%	+1.72%	+4.48%	+47.12%
Info Tech	+1.94%	+2.15%	+3.70%	+33.78%
Industrials	+0.59%	+0.83%	+0.71%	+20.80%
Materials	+2.95%	+3.15%	+5.88%	-8.77%
Metals & Mining	+0.16%	+0.73%	-4.20%	-10.01%
Telecom	+0.26%	+1.14%	-2.17%	+0.23%
Utilities	-0.56%	+0.43%	+3.17%	-5.21%

TSX Top Performers

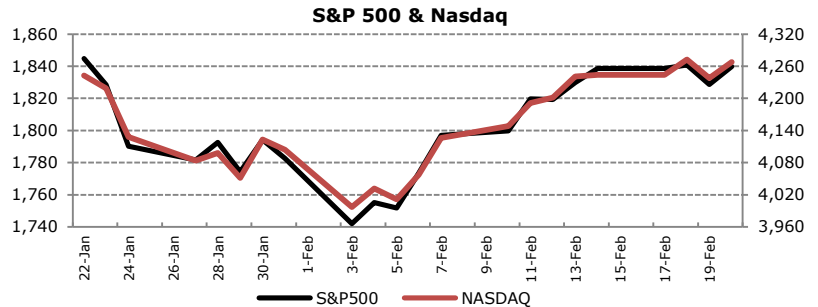
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
China Gold International	+9.20%	-1.08%	+17.57%	+14.29%
Torex Gold Resources Inc	+8.85%	+0.00%	-7.52%	-27.22%
Centerra Gold Inc	+8.33%	+9.70%	+11.83%	-31.58%
Argonaut Gold Inc	+8.28%	+6.26%	+7.72%	-16.15%
Fortuna Silver Mines Inc	+8.10%	+4.54%	+28.03%	+30.00%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Transalta Corp	-7.35%	-7.79%	-3.99%	-16.38%
Sherritt International Co	-5.96%	-17.20%	-25.26%	-46.72%
Hudbay Minerals Inc	-4.98%	-1.79%	-9.59%	-12.91%
Dream Unlimited-Cl A Sub	-3.64%	-3.64%	-18.28%	NA
Horizon North Logistics I	-2.76%	-1.73%	-22.21%	+23.37%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
20-Feb	1,839.78	16,133.23	4,267.55
1-day	+0.60%	+0.58%	+0.70%
5-day	+0.54%	+0.66%	+0.63%
1-month	-0.22%	-1.71%	+0.99%
3-months	+3.28%	+1.46%	+8.83%
6-months	+11.34%	+7.53%	+18.10%
12-months	+21.68%	+15.84%	+34.86%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.57%	+0.31%	+0.03%	+29.24%
C. Staples	+0.51%	+0.12%	-1.73%	+9.11%
Energy	+0.76%	+2.60%	-0.57%	+10.87%
Financials	+0.25%	-0.74%	-2.44%	+21.34%
Healthcare	+0.91%	+1.55%	+2.57%	+35.63%
Info Tech	+0.30%	+0.09%	+0.34%	+25.42%
Industrials	+0.77%	+0.39%	-1.46%	+24.73%
Materials	+1.03%	+1.10%	+0.15%	+21.59%
Telecom	+1.98%	+0.45%	+0.15%	+0.25%
Utilities	+0.81%	+1.20%	+4.73%	+9.64%

DJIA Top Performers

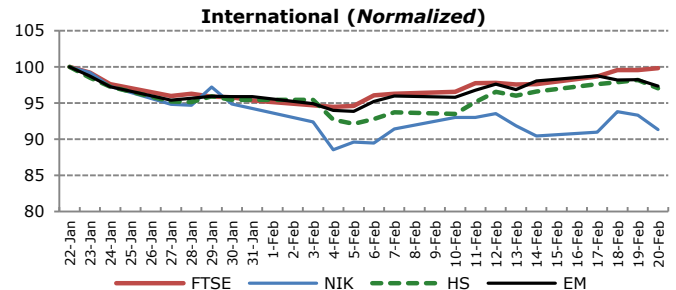
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Verizon Communications In	+3.42%	+1.71%	NA	+7.12%
Du Pont (E.I.) De Nemours	+1.70%	+2.14%	NA	+40.42%
Exxon Mobil Corp	+1.51%	+4.31%	NA	+7.19%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Wal-Mart Stores Inc	-1.78%	-2.44%	NA	+6.23%
General Electric Co	-1.10%	-1.26%	NA	+7.30%
Procter & Gamble Co/The	-0.28%	+0.15%	NA	+1.09%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,812.99	14,449.18	22,394.08	950.62
1-day	+0.24%	-2.15%	-1.19%	-0.88%
5-day	+2.31%	-0.59%	+1.03%	+0.51%
1-month	-0.35%	-7.62%	-2.33%	-2.07%
3-months	+1.97%	-4.16%	-5.51%	-6.76%
6-months	+5.57%	+7.86%	+1.93%	+1.98%
12-months	+6.53%	+25.99%	-3.92%	-11.03%



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Nymex WTI Crude Oil

(\$US/Bbl)	20-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$102.92	-\$0.39	-0.38%	+2.56%	+6.40%
Cal 14	\$99.74	+\$0.95	+0.97%	+2.97%	+10.86%
Cal 15	\$90.81	+\$0.87	+0.97%	+1.47%	+7.47%

(\$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	\$99.86	\$96.85	\$94.20	\$91.61	\$90.81

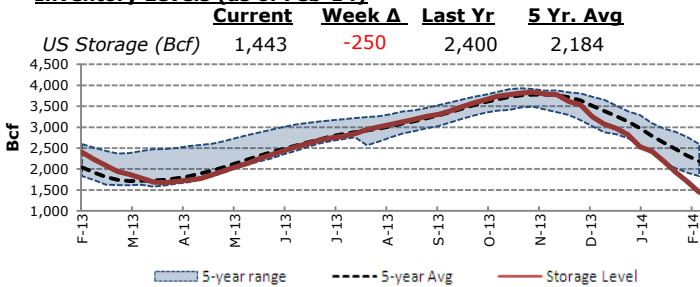
Inventory Levels (as of Feb-14)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	362,325	+973	337,426	319,411
Motor Gas	233,407	+309	214,389	200,481
Distillates	112,724	-339	171,756	140,851

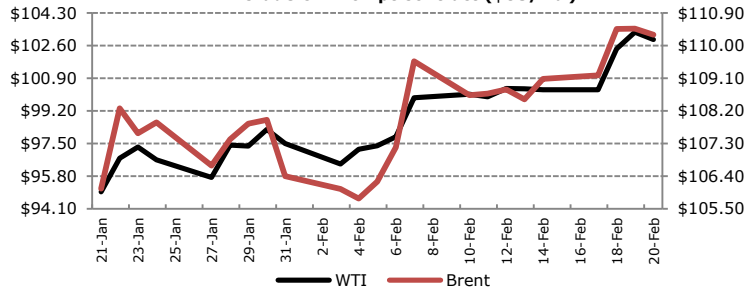
Nymex Natural Gas

(\$US/MMbtu)	20-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$6.06	-\$0.09	-1.38%	+16.10%	+29.32%
Apr14-Oct14	\$4.70	-\$0.08	-1.78%	+1.67%	+19.64%
Nov14-Mar15	\$4.80	-\$0.08	-1.71%	+0.82%	+16.21%
Apr15-Oct15	\$3.99	-\$0.03	-0.64%	-0.90%	+2.12%
Nov15-Mar16	\$4.27	-\$0.02	-0.54%	-0.46%	+3.95%

Inventory Levels (as of Feb-14)



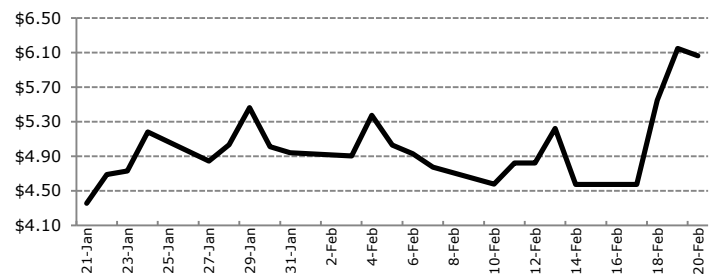
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	20-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$110.30	-\$0.17	-0.15%	+1.64%	+1.87%

Nat Gas Prompt (\$US/MMbtu)



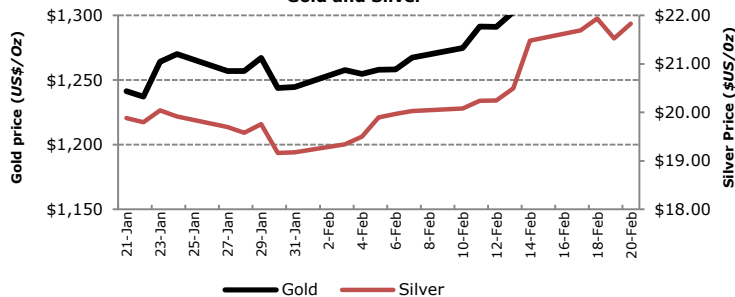
Alberta Natural Gas

(\$CAD/GJ)	20-Feb	day Δ	%Δ
AECO Mar-14	\$5.47	-\$0.22	-3.8%

Precious Metals

\$US/oz	20-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,322.94	+\$11.34	+0.9%	+1.5%	+6.6%	+6.9%
Silver	\$21.83	+\$0.30	+1.4%	+6.5%	+9.8%	+11.1%
Platinum	\$1,418	+\$5.38	+0.4%	-0.0%	-2.2%	+4.9%

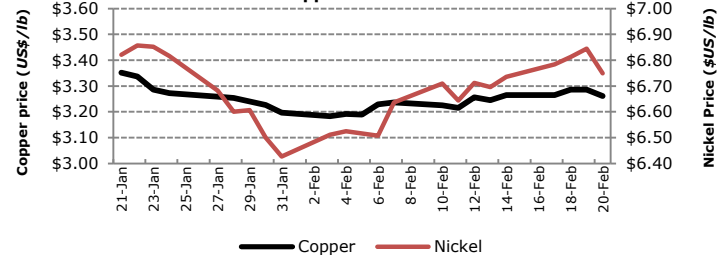
Gold and Silver



Industrial Metals

\$US/lb	20-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.26	-\$0.02	-0.7%	+0.5%	-2.7%	+1.9%
Nickel	\$6.75	-\$0.10	-1.4%	+0.8%	-1.0%	+7.2%
Zinc	\$1.02	-\$0.02	-1.8%	+0.6%	-1.2%	+9.7%
Aluminum	\$0.78	+\$0.00	0.0%	+1.3%	-1.3%	0.0%
Uranium	\$35.70	+\$0.00	0.0%	0.0%	-0.6%	-1.5%

Copper and Nickel



Agriculture & Other

	20-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.62	+\$0.02	+0.4%	+3.5%	+6.8%
Wheat (\$US/bu)	\$6.14	+\$0.00	+0.0%	+3.3%	+8.0%
Soybeans (\$US/bu)	\$13.48	+\$0.06	+0.4%	+1.3%	+6.5%
Rough Rice (\$US/cwt)	\$15.48	-\$0.07	-0.5%	-0.5%	-0.4%
Sugar #11 (¢US/lb)	¢16.69	¢0.16	-0.9%	+4.1%	+9.4%
Lean Hogs (¢US/lb)	¢97.83	¢0.63	+0.6%	+3.1%	+5.2%
Live Cattle (¢US/lb)	¢141.88	¢0.05	+0.0%	-0.4%	+0.1%
Cotton No.2 (\$US/lb)	\$0.88	-\$0.00	-0.3%	-1.0%	-0.4%
Lumber (\$US/Mbft)	\$356.70	-\$3.30	-0.9%	-0.7%	-3.7%

Commodity ETFs

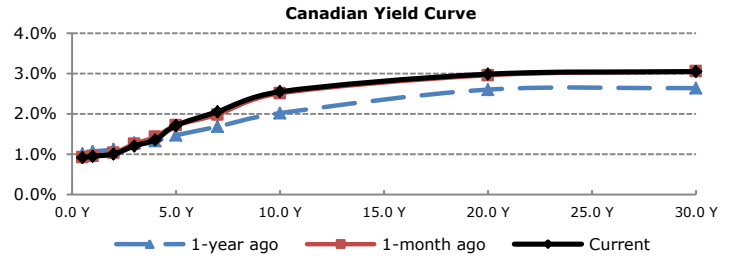
	20-Feb	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$5.06	-\$0.01	-0.2%	+5.6%	+13.5%
HBP Nat Gas U	\$18.51	-\$0.18	-1.0%	+11.4%	+26.5%
iShares Gold ETF	\$11.77	+\$0.14	+1.2%	+1.8%	+7.3%
\$USD					
US Crude Oil	\$36.88	-\$0.02	-0.1%	2.82%	+8.5%
US Nat Gas	\$26.79	-\$0.16	-0.6%	6.31%	+24.4%
PSDB Agriculture	\$26.63	+\$0.03	+0.1%	4.47%	+10.4%
PSDB Base Metals	\$16.44	-\$0.02	-0.1%	0.92%	-2.4%

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Interest Rates

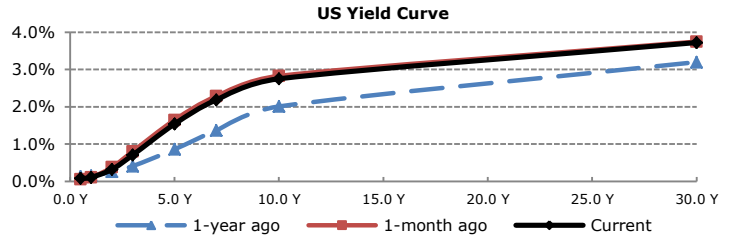
Canadian yield curve

	20-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.87%	-	0.90%	0.94%	0.95%
6-mnth	0.91%	-	0.92%	0.96%	1.01%
12-mnth	0.95%	+0.00%	0.95%	1.01%	1.06%
2-year	1.00%	-	1.03%	1.11%	1.12%
5-year	1.71%	+0.08%	1.71%	1.76%	1.47%
10-year	2.55%	+0.10%	2.51%	2.57%	2.02%
20-year	2.98%	-0.00%	2.96%	3.05%	2.60%
30-year	3.05%	-0.00%	3.06%	3.15%	2.64%

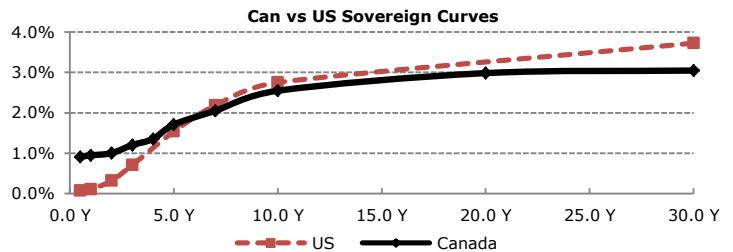
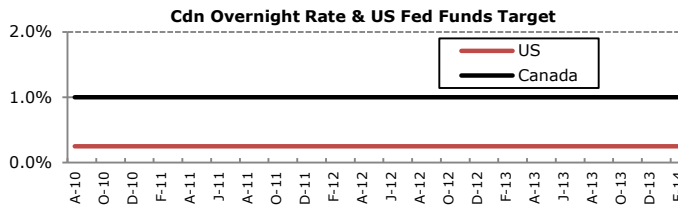


US yield curve

	20-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.05%	-	0.04%	0.07%	0.12%
6-mnth	0.08%	-0.01%	0.06%	0.09%	0.13%
12-mnth	0.11%	+0.00%	0.10%	0.12%	0.15%
2-year	0.32%	+0.00%	0.38%	0.28%	0.26%
5-year	1.54%	+0.02%	1.65%	1.35%	0.86%
10-year	2.75%	+0.01%	2.83%	2.74%	2.01%
30-year	3.72%	+0.01%	3.75%	3.83%	3.20%



	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	20-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.110	+0.002		1.109	1.045	1.026
EURUSD	\$1.372	-0.001		1.355	1.344	1.306
USDJPY	¥102.28	-0.030		104.52	100.03	91.82
GBPUSD	\$1.665	-0.003		1.658	1.611	1.516
AUDUSD	\$0.901	+0.001		0.885	0.933	1.026

	Spot	20-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥92.15	-0.195		94.26	95.71	89.47
CADAUD	\$1.000	-0.003		1.019	1.025	0.950
GBPCAD	£1.848	+0.000		1.838	1.684	1.556
EURJPY	¥140.31	-0.200		141.60	134.43	119.93
EURAUD	\$1.52	-0.003		1.53	1.44	1.27

Economic Releases

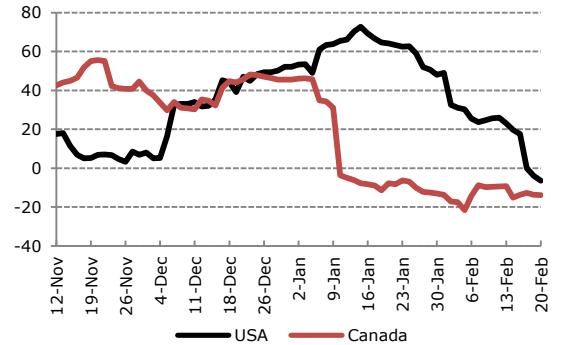
United States

		Period	Survey	Actual	Prior
Wed, Feb 19	Housing Starts	31-Jan	950K	880K	999K
Thu, Feb 20	Leading Indicators	31-Jan	0.3%	0.3%	0.1%
Thu, Feb 20	Continuing Claims	8-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	4.67M	--	4.9M

Canada

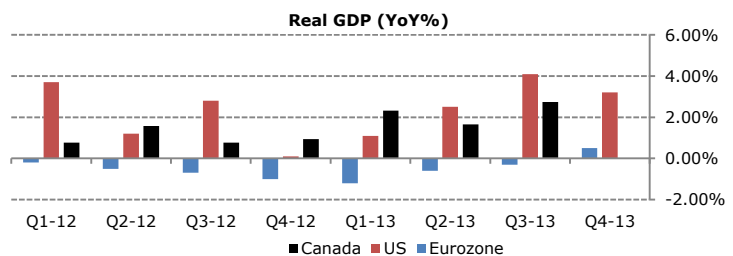
		Period	Survey	Actual	Prior
Fri, Feb 21	BOC CPI Core (YoY)	31-Jan	1.3%	--	0.3%
Fri, Feb 21	Retail Sales (MoM)	31-Dec	-0.4%	--	0%
Fri, Feb 21	Consumer Price Index	31-Dec	1.3%	--	1.2%

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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