

Today's Commentary

The S&P 500 and the TSX ended their 2-day rally yesterday, as the European Central Bank tightened its terms surrounding Greece's bailout. Additionally, oil prices dropped for the first time in 5-days, falling 8.7% to \$48.45, as investors refocus on the American supply which is now at its highest level since 1982. The S&P 500 and the TSX dropped 8.52bps (0.42%) and 67.12 (0.45%) to 2,041.51 and 14,995.64 respectively. Conversely, the Dow was able to maintain its winning streak for a 3rd day, gaining 6.62 (0.04%) to 17,673.02, boosted by stronger than expected results from Walt Disney Co., which rallied 7.6%. The yield on US 10s fell 1bps to 1.74%, while the yield on Canadian 10s lost 4bps to 1.27%.

In a surprise press release late yesterday afternoon, the ECB stated it would no longer accept Greek sovereign debt as collateral starting February 11th. A New York ETF of Greek stocks plummeted 10.4%, along with the euro which fell to \$1.1331 on the news. Greece's Finance Ministry stated the ECB's actions were not linked to issues within its financial sector which remains protected under Emergency Liquidity Assistance. While the Greek banks carry only a marginal amount of home debt on their balance sheets, the restriction will apply pressure on the government which has debt payments due next month. Without permission from the troika to raise its 15 billion-euro cap on issued short term debt, it will be unable to make good on these obligations. The ECB's move is seen as a message that Greece should fall in line with previous bailout obligations or feel the pressure of a cash crunch.

The People's Bank of China announcement yesterday to lower banks' required reserve ratio (RRR) by 50bps has sent the Shanghai Composite up 2.4%. China joins a number of nations in easing monetary conditions this year, amid slowing growth and rising capital outflows. Sluggish factory production and services sector activity this year has reinforced concerns in the economy. While positive for markets, the broad based stimulus contrasts with the nation's prior efforts at a more targeted approach, and many analysts fear this new move could worsen China's debt problems and serve to prop up asset prices to even more exuberant levels. The RRR was lowered to 19.5% effective today, and estimates are that the new policy will add 500 billion Yuan in additional funds to go towards bank lending. The pro-growth liquidity measures have boosted the price of gold, with gold for April delivery on the COMEX up 0.7% given China's status as one of the largest buyers of the metal.

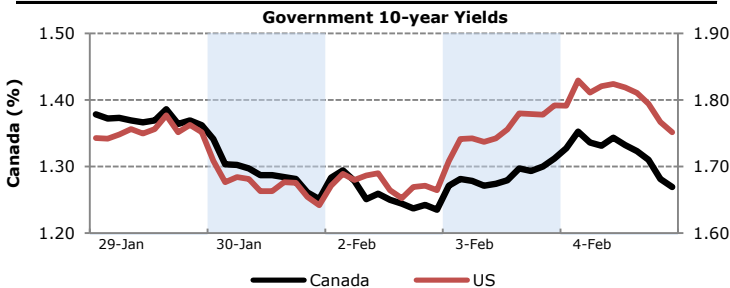
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

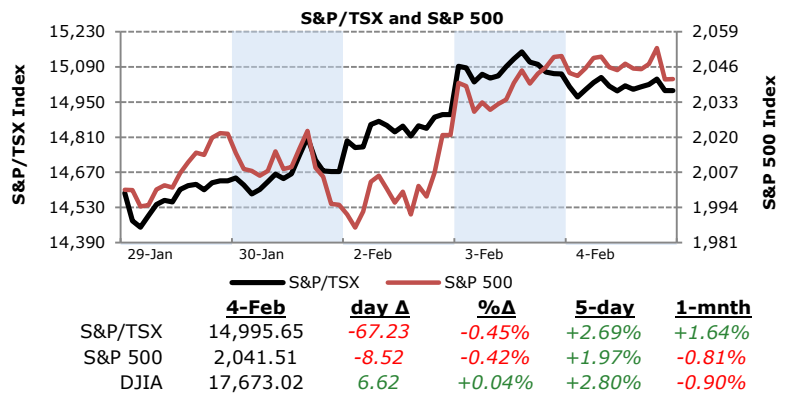
United States	Period	Survey	Actual	Prior
Continuing Claims		2400K	--	2385K
Initial Jobless Claims		290K	--	307K
Trade Balance		-38B	--	-39B

Canada	Period	Survey	Actual	Prior
None Scheduled				

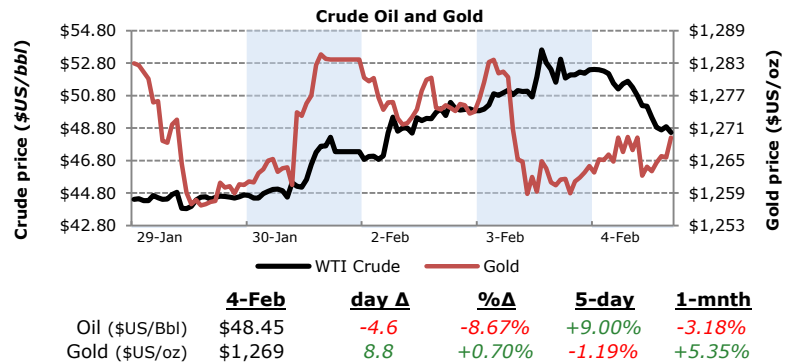
Interest Rates



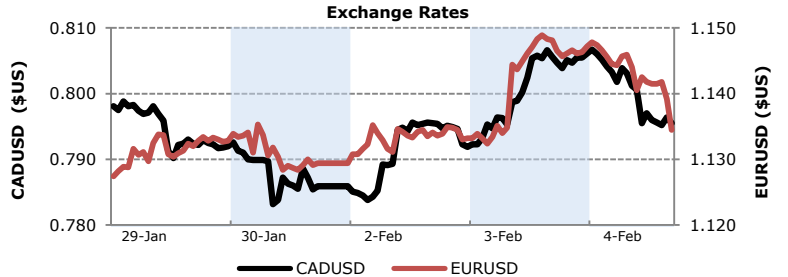
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	4-Feb	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.257		+0.016	1.254	1.184	1.108
EURUSD	\$1.135		-0.014	1.129	1.189	1.352
USDJPY	¥117.28		-0.290	117.540	118.39	101.64

Government 10-year Yields

	4-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.27%	-0.043%	1.69%	2.09%	2.35%
United States	1.75%	-0.040%	2.03%	2.39%	2.63%

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.rotmanfinanceassociation.com>

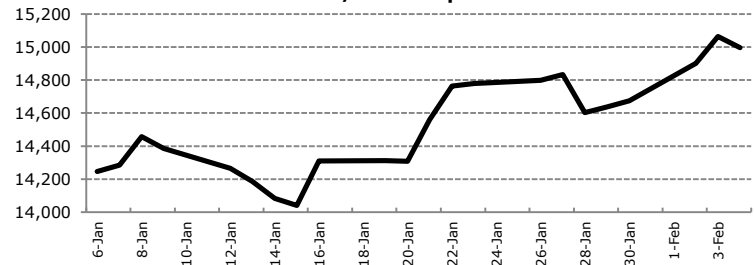
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S&P/TSX Composite

	4-Feb	day Δ	%Δ
S&P/TSX	14,995.65	-67.23	-0.45%
Trailing S&P/TSX TSX 60			
5-day	+2.69%	+2.45%	
1-month	+1.64%	+1.69%	
3-months	+4.21%	+4.64%	
6-months	-1.44%	-0.07%	
12-months	+11.04%	+13.15%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.35%	+1.51%	+0.99%	+30.68%
C. Staples	+0.59%	+1.63%	+2.40%	+48.95%
Energy	-4.11%	+8.20%	+0.45%	-15.42%
Financials	-0.57%	+1.45%	-5.13%	+9.31%
Healthcare	+0.98%	+0.52%	+9.40%	+19.88%
Info Tech	+1.39%	+4.06%	+5.21%	+35.22%
Industrials	+0.01%	+2.91%	+0.60%	+20.42%
Materials	+1.17%	+2.65%	+12.54%	+1.94%
Metals & Mining	-2.67%	+10.63%	-7.29%	-17.61%
Telecom	+0.08%	+0.38%	+0.72%	+11.81%
Utilities	-0.10%	-0.90%	+4.12%	+14.77%

TSX Top Performers

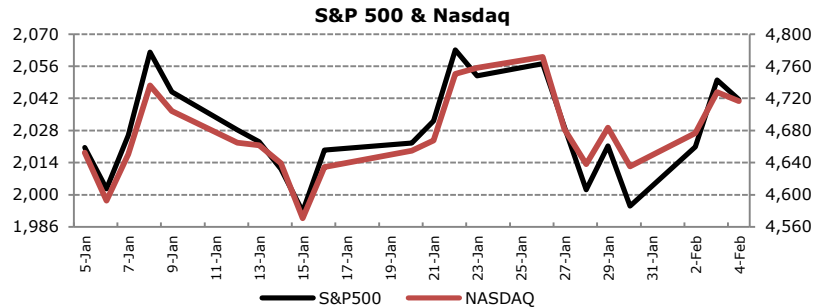
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Alacer Gold Corp	+7.97%	+2.76%	+21.14%	+30.04%
Yamana Gold Inc	+7.83%	+6.78%	+17.23%	-45.82%
Alamos Gold Inc	+6.64%	+4.18%	-16.13%	-28.10%
Western Forest Products I	+5.98%	+5.98%	-5.00%	+15.47%
Aurico Gold Inc	+5.88%	-0.21%	+22.11%	-4.82%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Athabasca Oil Corp	-12.61%	+8.06%	-24.72%	-74.46%
Surge Energy Inc	-12.12%	+21.34%	-22.93%	-46.28%
Legacy Oil + Gas Inc	-11.48%	+25.85%	-17.41%	-67.54%
Pacific Rubiales Energy C	-11.45%	+21.82%	-45.38%	-74.24%
Bankers Petroleum Ltd	-10.36%	+11.81%	-8.18%	-30.18%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
4-Feb	2,041.51	17,673.02	4,716.70
1-day	-0.42%	+0.04%	-0.23%
5-day	+1.97%	+2.80%	+1.70%
1-month	-0.81%	-0.90%	-0.21%
3-months	+1.46%	+1.66%	+2.01%
6-months	+5.29%	+6.66%	+7.59%
12-months	+16.31%	+14.42%	+17.00%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.67%	+3.98%	+1.23%	+17.26%
C. Staples	+0.09%	+1.12%	+1.33%	+22.40%
Energy	-1.61%	+5.10%	-1.36%	-3.78%
Financials	-0.30%	+2.29%	-4.21%	+14.34%
Healthcare	-1.35%	-0.78%	+0.69%	+24.84%
Info Tech	+0.12%	+1.83%	-1.64%	+21.16%
Industrials	-0.81%	+1.79%	-1.36%	+13.27%
Materials	-0.62%	+3.41%	+0.28%	+12.05%
Telecom	+0.08%	+4.52%	+1.87%	+7.60%
Utilities	-1.29%	-1.37%	+1.32%	+24.83%

DJIA Top Performers

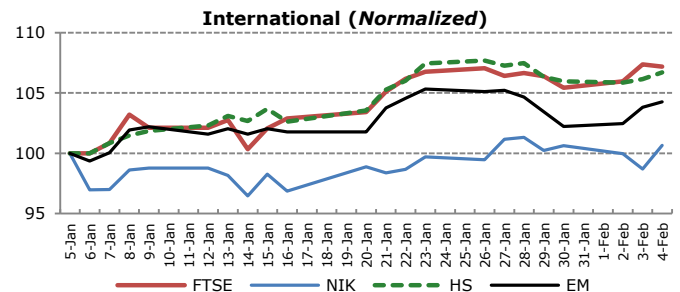
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Walt Disney Co/The	+7.63%	+9.29%	+8.03%	+44.36%
Visa Inc-Class A Shares	+1.96%	+7.52%	-0.05%	+24.40%
Home Depot Inc	+1.09%	+3.50%	+4.81%	+47.73%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Merck & Co. Inc.	-3.23%	-3.91%	+3.25%	+13.72%
Caterpillar Inc	-2.35%	+2.42%	-10.08%	-8.90%
Cisco Systems Inc	-1.59%	-0.43%	-3.33%	+26.23%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,860.02	17,678.74	24,679.76	980.82
1-day	-0.17%	+1.98%	+0.51%	+0.44%
5-day	+0.50%	-0.66%	-0.73%	-0.39%
1-month	+4.77%	+1.55%	+3.45%	+2.84%
3-months	+6.29%	+4.84%	+3.50%	-2.61%
6-months	+2.73%	+14.24%	+0.32%	-8.27%
12-months	+6.37%	+26.20%	+15.34%	+6.87%



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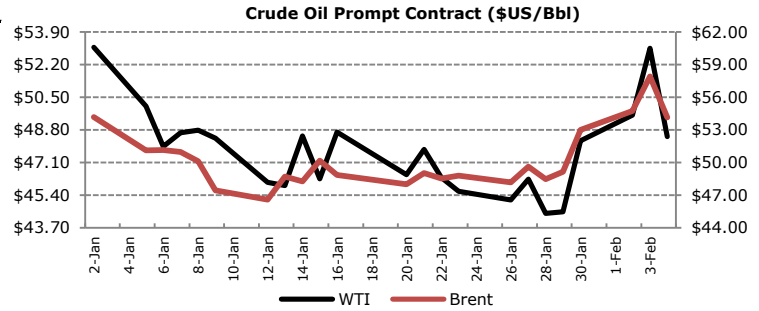
Nymex WTI Crude Oil

(\$US/Bbl)	4-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$48.45	-\$4.60	-8.67%	+9.00%	-3.18%
Cal 15	\$53.42	-\$4.05	-7.05%	+8.96%	-9.58%
Cal 16	\$60.89	-\$2.92	-4.58%	+7.15%	-3.68%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$53.00	\$62.25	\$70.00	\$72.00	\$75.00
Current Forward	\$50.59	\$54.32	\$57.02	\$59.07	\$60.89

Inventory Levels (as of Jan-30)

(MMbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	413,060	+6,333	337,426	319,411
Motor Gas	240,670	+2,335	214,389	200,481
Distillates	134,475	+1,788	171,756	140,851



WTI Brent

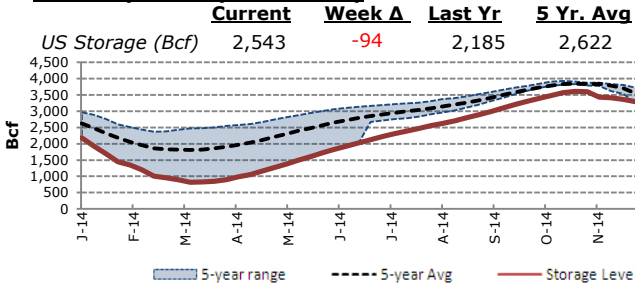
UK Brent Crude Oil

(\$US/Bbl)	4-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$54.16	-\$3.75	-6.92%	+11.74%	+5.99%

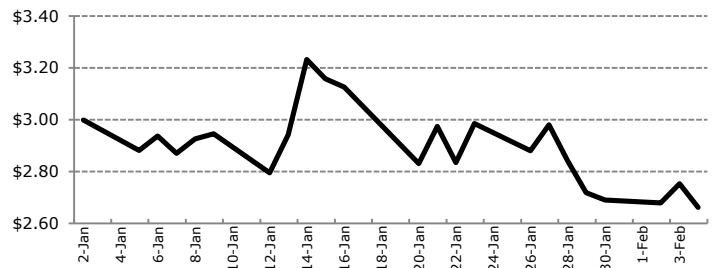
Nymex Natural Gas

(\$US/MMbtu)	4-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.66	-\$0.09	-3.34%	-6.33%	-7.63%
Apr15-Oct15	\$2.77	-\$0.08	-2.67%	-5.26%	-16.97%
Nov15-Mar16	\$3.17	-\$0.05	-1.64%	-4.31%	-14.37%
Apr16-Oct16	\$3.19	-\$0.03	-0.79%	-3.55%	-11.80%
Nov16-Mar17	\$3.56	-\$0.02	-0.53%	-1.03%	-5.92%

Inventory Levels (as of Jan-23)



Nat Gas Prompt (\$US/MMbtu)

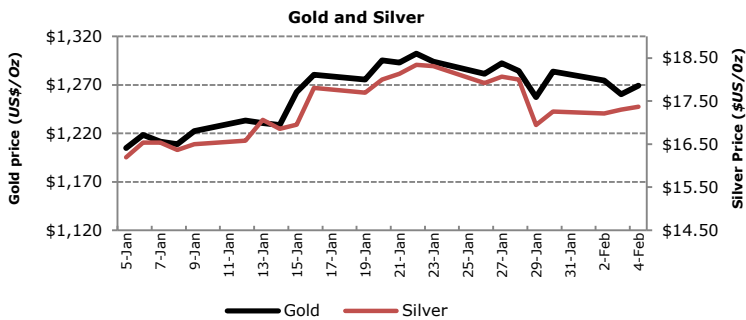


Alberta Natural Gas

(\$CAD/GJ)	4-Feb	day Δ	%Δ
AECO Mar-15	\$2.47	-\$0.10	-3.8%

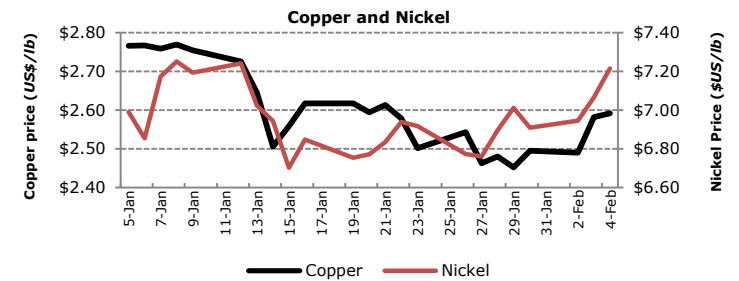
Precious Metals

\$US/oz	4-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,269.22	+\$8.80	+0.7%	-1.2%	+5.3%	+10.2%
Silver	\$17.37	+\$0.06	+0.4%	-3.5%	+7.2%	+11.2%
Platinum	\$1,242	+\$7.20	+0.6%	-1.0%	+2.4%	+3.7%



Industrial Metals

\$US/lb	4-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.59	+\$0.01	+0.4%	+4.5%	-6.3%	-14.2%
Nickel	\$7.21	+\$0.15	+2.1%	+4.6%	+3.2%	+0.7%
Zinc	\$1.06	+\$0.01	+1.0%	+0.7%	-1.9%	-3.9%
Aluminum	\$0.91	+\$0.01	+1.1%	+1.1%	+2.2%	-9.0%
Uranium	\$38.00	+\$0.45	+1.2%	+1.9%	+8.1%	-9.0%



Agriculture & Other

	4-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.84	-\$0.02	-0.6%	+2.7%	-5.3%
Wheat (\$US/bu)	\$5.11	-\$0.03	-0.5%	+1.1%	-13.6%
Soybeans (\$US/bu)	\$9.72	-\$0.15	-1.5%	+0.2%	-7.9%
Rough Rice (\$US/cwt)	\$10.25	-\$0.14	-1.3%	-4.5%	-11.7%
Sugar #11 (¢US/lb)	¢14.45	¢0.02	-0.1%	-4.7%	-2.8%
Lean Hogs (¢US/lb)	¢68.13	¢2.75	-3.9%	-9.1%	-16.3%
Live Cattle (¢US/lb)	¢148.65	¢1.92	-1.3%	-1.9%	-9.9%
Cotton No.2 (\$US/lb)	\$0.61	-\$0.00	-0.4%	+3.0%	+1.7%
Lumber (\$US/Mbft)	\$309.60	-\$4.10	-1.3%	-1.9%	-2.5%

Commodity ETFs

	4-Feb	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$8.65	-\$1.42	-14.1%	+18.8%	-2.6%
HBP Nat Gas U	\$4.03	-\$0.30	-6.8%	-13.3%	-21.8%
iShares Gold ETF	\$11.27	+\$0.08	+0.7%	-1.8%	+4.0%
\$USD					
US Crude Oil	\$18.28	-\$1.34	-6.8%	10.39%	-8.1%
US Nat Gas	\$13.57	-\$0.51	-3.6%	-6.72%	-9.3%
PSDB Agriculture	\$23.14	-\$0.10	-0.4%	-1.11%	-6.1%
PSDB Base Metals	\$15.31	-\$0.06	-0.4%	2.89%	-3.8%

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Interest Rates

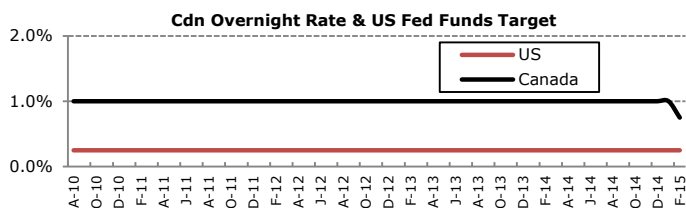
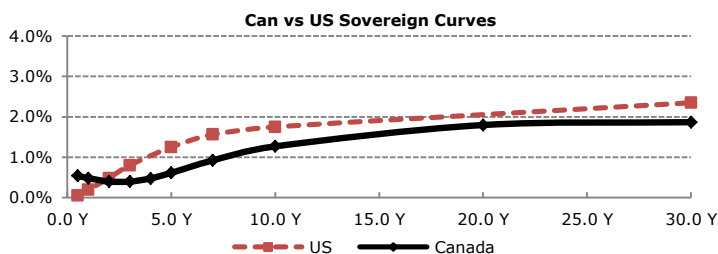
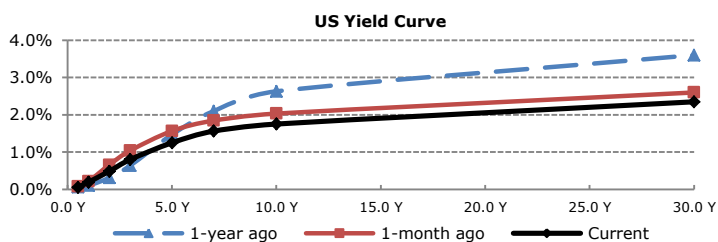
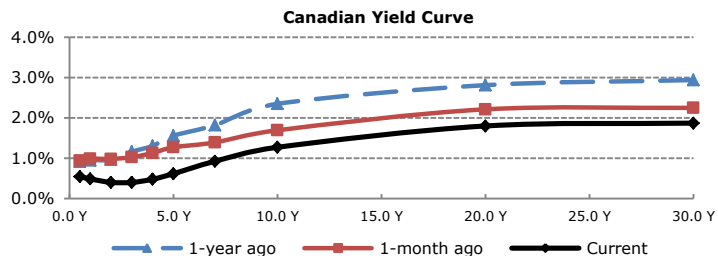
Canadian yield curve

	4-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.56%	-	0.92%	0.89%	0.89%
6-mnth	0.54%	-	0.94%	0.92%	0.91%
12-mnth	0.48%	-0.00%	0.99%	0.98%	0.95%
2-year	0.40%	-0.04%	0.98%	1.03%	0.96%
5-year	0.61%	-0.04%	1.27%	1.57%	1.56%
10-year	1.27%	-0.04%	1.69%	2.09%	2.35%
20-year	1.80%	-0.04%	2.21%	2.61%	2.81%
30-year	1.87%	-0.04%	2.25%	2.64%	2.94%

US yield curve

	4-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-0.01%	0.01%	0.02%	0.05%
6-mnth	0.06%	-0.01%	0.08%	0.05%	0.07%
12-mnth	0.19%	+0.03%	0.21%	0.10%	0.10%
2-year	0.48%	-0.02%	0.66%	0.55%	0.31%
5-year	1.25%	-0.04%	1.56%	1.67%	1.47%
10-year	1.75%	-0.04%	2.03%	2.39%	2.63%
30-year	2.35%	-0.03%	2.60%	3.10%	3.60%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.75%	1.00%	4-Mar-15	0.65%
US Fed Funds	0.25%	0.25%	18-Mar-15	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	4-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.257	+0.016		1.184	1.136	1.108
EURUSD	\$1.135	-0.014		1.189	1.248	1.352
USDJPY	¥117.28	-0.290		118.39	114.05	101.64
GBPUSD	\$1.518	+0.002		1.515	1.597	1.633
AUDUSD	\$0.775	-0.004		0.808	0.868	0.893

	Spot	4-Feb	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥93.26	-1.430		100.03	100.40	91.72
CADAUD	\$1.026	-0.008		1.045	1.014	1.011
GBPCAD	£1.909	+0.026		1.793	1.814	1.809
EURJPY	¥133.06	-1.900		140.77	142.35	137.41
EURAUD	\$1.46	-0.010		1.47	1.44	1.51

Economic Releases

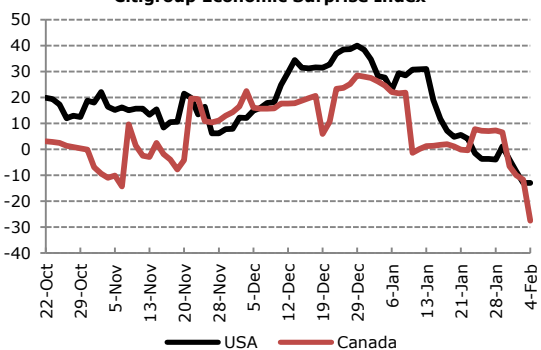
United States

	Period	Survey	Actual	Prior
Mon, Feb 02	Personal Income	0.2%	0.3%	0.4%
Mon, Feb 02	ISM Manufacturing	54.5	53.5	55.5
Tue, Feb 03	Factory Orders	-2.4%	-3.4%	-0.7%
Wed, Feb 04	ADP Employment Change	222.5K	213K	241K
Thu, Feb 05	Continuing Claims	2400K	--	2385K
Thu, Feb 05	Intial Jobless Claims	290K	--	307K
Thu, Feb 05	Trade Balance	-38B	--	-39B
Fri, Feb 06	Unemployment Rate	5.6%	--	5.6%

Canada

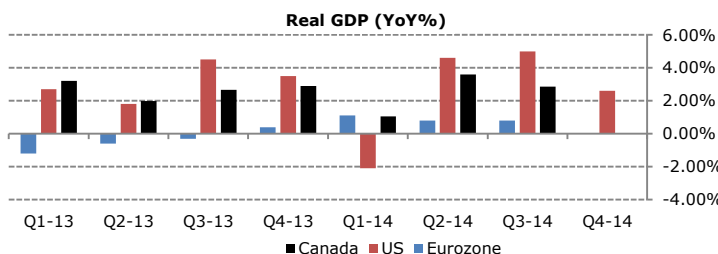
	Period	Survey	Actual	Prior
Fri, Feb 06	Building Permits (MoM)	5%	--	-13.8%
Fri, Feb 06	Net Change in Employment	5K	--	-4.3K
Fri, Feb 06	Unemployment	6.7%	--	6.6%

Citigroup Economic Surprise Index



Economics

	Q1-14	Q2-14	Q3-14	Q4-14	2013E
Canada					
Real GDP	1.05%	3.59%	2.85%	NA	1.80%
CPI	1.37%	2.23%	2.07%	1.97%	0.90%
Unemployment	7.00%	7.00%	6.90%	6.70%	7.05%
US					
Real GDP	-2.10%	4.60%	5.00%	2.60%	1.90%
CPI	1.40%	2.07%	1.80%	1.27%	1.50%
Unemployment	6.60%	6.10%	5.90%	5.60%	7.40%
China					
Real GDP	7.40%	7.50%	7.30%	7.30%	7.70%



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