

Today's Commentary

Bullish sentiment continued in markets yesterday, with the S&P 500 finally posting a net positive return for the year, gaining 21.01 (1.03%) on the day to 2,062.52. The Dow moved similarly, climbing 211.86 (1.2%) to 17,884.88. Improvements in corporate earnings, as well as a potentially promising health sector acquisition of Hospira Inc. by Pfizer helped the index surge forward. A rebound in oil also helped energy names, boosting the TSX 129.27 (0.86%) to 15,124.92. WTI rallied 4.2% partly on news of violence at a Libyan oilfield, after having fallen almost 9% on Wednesday courtesy of record US crude output. After an almost 10% sell-off in January, Canadian bank stocks were up almost 1.5% yesterday on reports that reassured investors about the quality of oil-related loans on their balance sheets. The US and Canadian labour markets will be front and centre this morning, as key indicators for the month of January will be announced at 8:30am.

The Russian economy, already beaten down by the plunge in oil prices and international sanctions, is now facing a possible banking crisis. A deputy central bank governor stated that the capital in Russian banks could quickly disappear if the economy significantly weakens. The cost of financing for Russian banks rose significantly last year, due to their inability to access western markets. Currently the damage seems to be limited to smaller banks, as people take out money while struggling to pay back their loans. It was also stated that the banks' loan quality could deteriorate rapidly if GDP falls by more than 6% in 2015. Currently, the Economic Ministry expects Russia's GDP to fall by 3% this year, if oil prices average around \$59, but many analysts believe it could shrink by 5% or more.

The Reserve Bank of Australia (RBA) has cut its average expansion forecast for 2015 by 25bps, predicting lower inflation and higher unemployment. After cutting rates on Tuesday to 2.25% from 2.5%, the RBA is expected to cut rates by the same amount twice more before the end of the year. The Bank is targeting a weaker currency due to the declining price of iron ore, which makes up 20% of export revenue. The price for iron ore is at its lowest since 2009 as China, Australia's biggest trading partner, has cut its demand due to uncertainty in its own property market. All is not lost for the land down under, as expectations of further RBA rate cuts have Australia's ASX 2000 index headed for its twelfth straight day of gains, up 9.5% since January 20th.

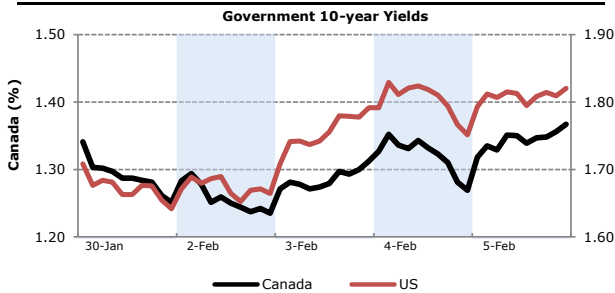
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

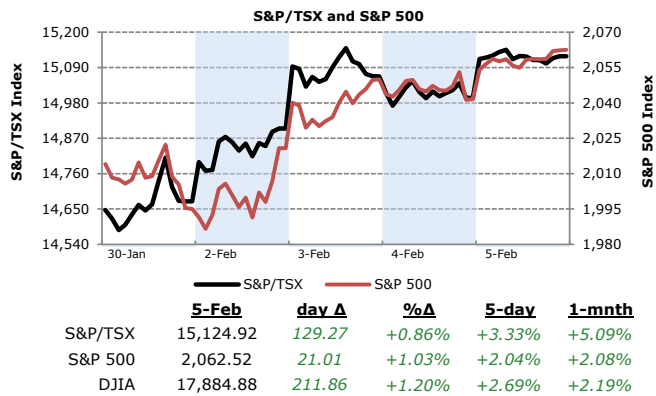
United States	Period	Survey	Actual	Prior
Unemployment Rate	2015-Jan	5.6%	--	5.6%

Canada	Period	Survey	Actual	Prior
Building Permits (MoM)	2015-Jan	5%	--	-13.8%
Net Change in Employment	2015-Jan	5K	--	-4.3K
Unemployment	2015-Jan	6.7%	--	6.6%

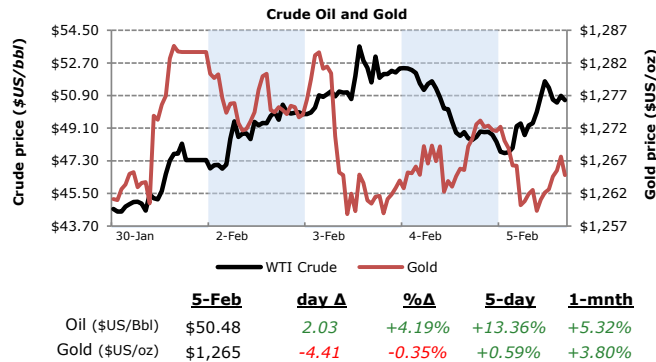
Interest Rates



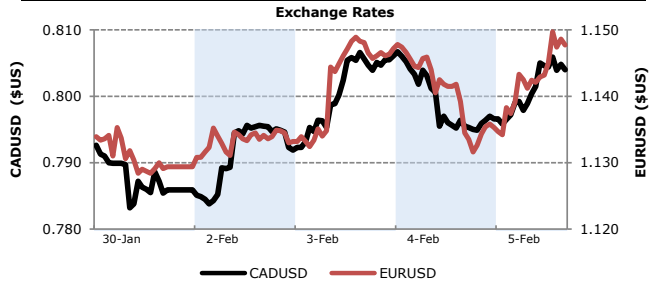
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	5-Feb	day Δ	Historical levels		
USDCAD	\$1.243	-0.014		-5 days	-1 mnth	-1 year
EURUSD	\$1.148	+0.013		1.132	1.184	1.353
USDJPY	¥117.53	+0.250		118.290	119.26	101.45

Government 10-year Yields

	5-Feb	day Δ	Historical levels		
Canada	1.37%	0.098%	-1 mnth	-3 mnths	-1 year
United States	1.82%	0.069%	1.94%	2.30%	2.67%

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.

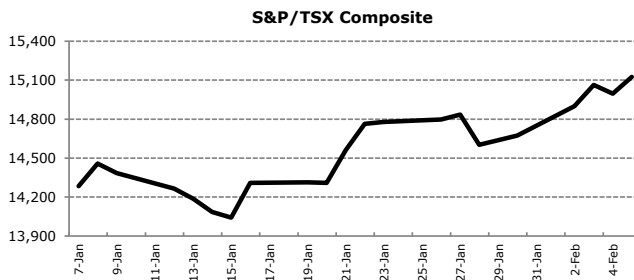
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	5-Feb	day Δ	%Δ
S&P/TSX	15,124.92	129.27	+0.86%
Trailing S&P/TSX			
5-day	+3.33%	+2.94%	
1-month	+5.09%	+5.30%	
3-months	+3.96%	+4.39%	
6-months	-0.41%	+0.87%	
12-months	+11.54%	+13.69%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.00%	+0.99%	+2.74%	+30.07%
C. Staples	-1.61%	-1.84%	+2.63%	+46.60%
Energy	+2.03%	+11.55%	+9.61%	-14.55%
Financials	+1.41%	+2.60%	-1.73%	+9.78%
Healthcare	+0.24%	+0.31%	+11.09%	+20.27%
Info Tech	+1.11%	+3.07%	+7.86%	+36.39%
Industrials	+0.87%	+3.01%	+4.50%	+20.98%
Materials	+0.47%	+3.76%	+13.46%	+3.10%
Metals & Mining	+2.49%	+15.27%	-0.66%	-15.67%
Telecom	-1.31%	-1.89%	+0.49%	+11.77%
Utilities	+0.32%	-0.64%	+4.45%	+14.66%

TSX Top Performers

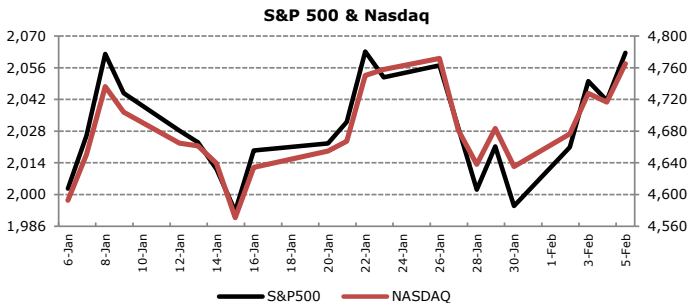
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Lightstream Resources Ltd	+23.28%	+120.00%	+36.19%	-76.13%
Pacific Rubiales Energy C	+20.40%	+66.90%	-18.93%	-70.84%
Legacy Oil + Gas Inc	+12.97%	+45.14%	+14.84%	-63.59%
Canexus Corp	+11.60%	+26.24%	-11.15%	-49.91%
Surge Energy Inc	+10.00%	+36.91%	-3.92%	-47.10%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Canfor Corp	-6.79%	-5.04%	-0.79%	+3.56%
Manitoba Telecom Svcs Inc	-6.28%	-9.18%	-15.23%	-21.18%
Sierra Wireless Inc	-6.07%	-3.20%	-15.84%	+106.11%
Canaccord Genuity Group I	-4.66%	-2.54%	-19.00%	-10.63%
New Gold Inc	-4.50%	-9.29%	-8.96%	-23.87%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
5-Feb	2,062.52	17,884.88	4,765.10
1-day	+1.03%	+1.20%	+1.03%
5-day	+2.04%	+2.69%	+1.74%
1-month	+2.08%	+2.19%	+2.42%
3-months	+1.92%	+2.29%	+3.12%
6-months	+7.41%	+8.86%	+9.47%
12-months	+17.75%	+15.83%	+18.78%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.60%	+3.25%	+3.90%	+17.78%
C. Staples	+0.42%	+0.77%	+2.54%	+22.83%
Energy	+1.45%	+6.44%	+4.23%	-1.54%
Financials	+1.00%	+2.37%	-1.18%	+15.64%
Healthcare	+1.64%	-0.01%	+2.97%	+27.70%
Info Tech	+0.91%	+1.67%	+1.04%	+22.27%
Industrials	+0.97%	+1.58%	+1.96%	+14.49%
Materials	+2.44%	+4.52%	+5.56%	+14.60%
Telecom	+0.24%	+4.43%	+3.16%	+8.54%
Utilities	+0.86%	-1.83%	+3.55%	+26.58%

DJIA Top Performers

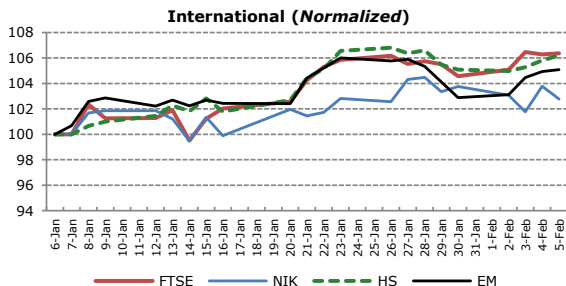
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Du Pont (E.I.) De Nemours	+3.06%	+4.52%	+5.97%	+22.78%
Pfizer Inc	+2.87%	+3.64%	+5.87%	+7.63%
Visa Inc-Class A Shares	+2.61%	+9.60%	+4.87%	+26.06%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Verizon Communications In	+0.13%	+3.80%	+2.77%	+2.51%
Merck & Co. Inc.	+0.20%	-4.70%	+1.95%	+10.54%
Coca-Cola Co/The	+0.26%	-0.74%	-0.83%	+11.11%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hanq Seng	MSCI EM
Last Close	6,865.93	17,504.62	24,765.49	982.21
1-day	+0.09%	-0.98%	+0.35%	+0.14%
5-day	+0.81%	-0.58%	+0.69%	+0.93%
1-month	+6.99%	+0.55%	+4.40%	+4.41%
3-months	+5.00%	+3.35%	+4.52%	-1.63%
6-months	+2.75%	+14.26%	+0.48%	-7.61%
12-months	+6.32%	+23.44%	+16.44%	+7.16%



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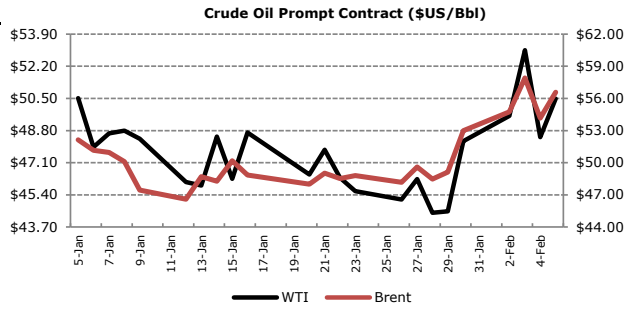
Nymex WTI Crude Oil

(\$US/Bbl)	5-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$50.48	+\$2.03	+4.19%	+13.36%	+5.32%
Cal 15	\$55.22	+\$1.80	+3.36%	+12.33%	-4.12%
Cal 16	\$62.02	+\$1.13	+1.85%	+8.53%	-0.70%

(\$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	\$52.54	\$56.12	\$58.58	\$60.40	\$62.02

Inventory Levels (as of Jan-30)

(MBbls)	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



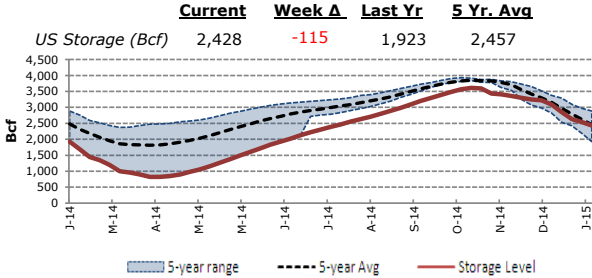
UK Brent Crude Oil

(\$US/Bbl)	5-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$56.57	+\$2.41	+4.26%	+15.14%	+10.60%

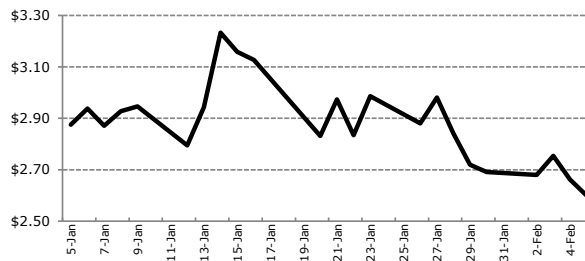
Nymex Natural Gas

(\$US/MMbtu)	5-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.60	-\$0.06	-2.33%	-4.38%	-11.50%
Apr15-Oct15	\$2.72	-\$0.05	-1.82%	-3.35%	-13.83%
Nov15-Mar16	\$3.13	-\$0.05	-1.52%	-3.05%	-11.99%
Apr16-Oct16	\$3.14	-\$0.05	-1.57%	-2.99%	-10.35%
Nov16-Mar17	\$3.51	-\$0.05	-1.32%	-2.26%	-4.54%

Inventory Levels (as of Jan-30)



Nat Gas Prompt (\$US/MMbtu)

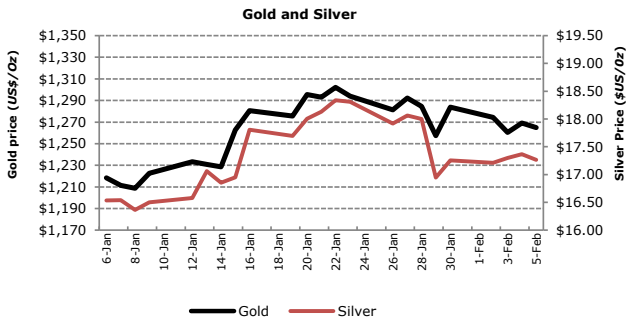


Alberta Natural Gas

(\$CAD/GJ)	5-Feb	day Δ	%Δ
AECO Mar-15	\$2.36	-\$0.11	-4.4%

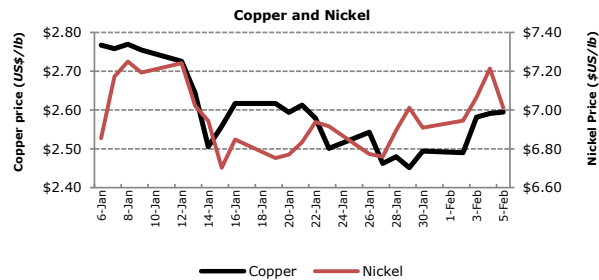
Precious Metals

\$US/oz	5-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,264.81	-\$4.41	-0.3%	+0.6%	+3.8%	+8.8%
Silver	\$17.26	-\$0.10	-0.6%	+1.9%	+4.4%	+10.0%
Platinum	\$1,254	+\$12.55	+1.0%	+2.8%	+2.7%	+4.3%



Industrial Metals

\$US/lb	5-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.60	+\$0.00	+0.2%	+5.9%	-6.2%	-14.2%
Nickel	\$7.01	-\$0.20	-2.8%	0.0%	+2.3%	-1.0%
Zinc	\$1.05	-\$0.00	-0.3%	+1.2%	-1.1%	-4.6%
Aluminum	\$0.91	+\$0.00	0.0%	+1.1%	+3.4%	-7.1%
Uranium	\$38.20	+\$0.20	+0.5%	+2.0%	+8.5%	-9.0%



Agriculture & Other

	5-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.85	+\$0.02	+0.5%	+3.7%	-2.8%
Wheat (\$US/bu)	\$5.26	+\$0.15	+2.9%	+3.5%	-9.3%
Soybeans (\$US/bu)	\$9.81	+\$0.09	+1.0%	+1.3%	-7.1%
Rough Rice (\$US/cwt)	\$10.45	+\$0.20	+2.0%	-3.8%	-10.3%
Sugar #11 (¢US/lb)	¢14.41	-¢0.04	-0.3%	-3.0%	-2.5%
Lean Hogs (¢US/lb)	¢66.28	-¢1.85	-2.7%	-9.5%	-19.1%
Live Cattle (¢US/lb)	¢148.03	-¢0.63	-0.4%	-1.6%	-10.1%
Cotton No.2 (\$US/lb)	\$0.62	+\$0.01	+0.9%	+3.7%	+2.3%
Lumber (\$US/Mbft)	\$311.90	+\$2.30	+0.7%	-3.1%	-3.3%

Commodity ETFs

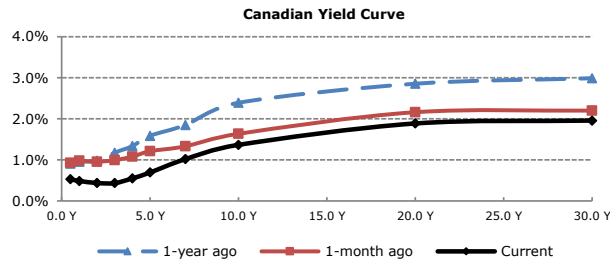
\$CAD	5-Feb	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$9.34	+\$0.69	+8.0%	+26.7%	+1.5%
HBP Nat Gas U	\$3.88	-\$0.15	-3.6%	-7.8%	-21.3%
iShares Gold ETF	\$11.29	+\$0.02	+0.2%	+0.4%	+4.7%
\$USD					
US Crude Oil	\$19.03	+\$0.75	+4.1%	14.09%	+1.3%
US Nat Gas	\$13.28	-\$0.29	-2.1%	-4.32%	-10.7%
PSDB Agriculture	\$23.22	+\$0.08	+0.3%	0.09%	-6.9%
PSDB Base Metals	\$15.34	+\$0.03	+0.2%	3.72%	-2.7%

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Interest Rates

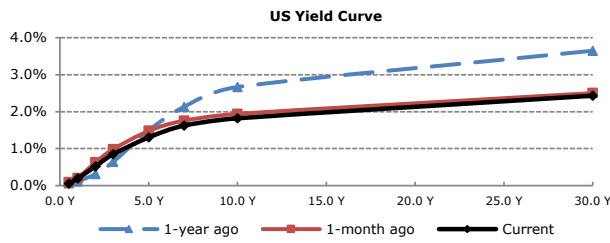
Canadian yield curve

	5-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.54%	-	0.91%	0.90%	0.88%
6-mnth	0.53%	-	0.93%	0.92%	0.91%
12-mnth	0.49%	+0.00%	0.98%	0.98%	0.96%
2-year	0.44%	+0.04%	0.96%	1.02%	0.98%
5-year	0.69%	+0.08%	1.21%	1.53%	1.59%
10-year	1.37%	+0.10%	1.64%	2.03%	2.39%
20-year	1.89%	+0.09%	2.16%	2.56%	2.86%
30-year	1.96%	+0.09%	2.20%	2.59%	2.99%

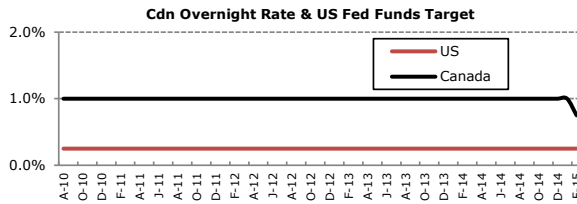


US yield curve

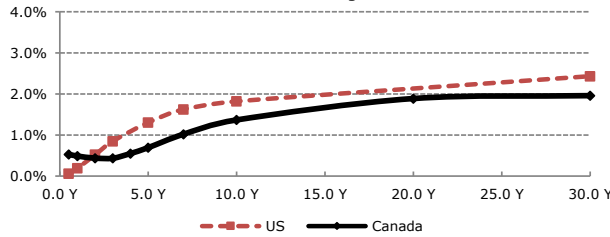
	5-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-	0.03%	0.02%	0.06%
6-mnth	0.06%	-	0.09%	0.05%	0.06%
12-mnth	0.19%	-	0.20%	0.10%	0.12%
2-year	0.52%	+0.04%	0.63%	0.50%	0.31%
5-year	1.30%	+0.06%	1.48%	1.58%	1.49%
10-year	1.82%	+0.07%	1.94%	2.30%	2.67%
30-year	2.43%	+0.08%	2.50%	3.03%	3.65%



	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%



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

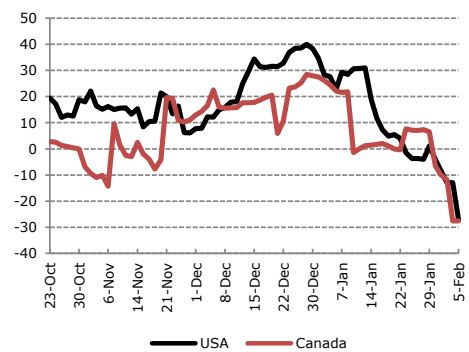
Spot	5-Feb	day Δ	Historical Levels			Spot	5-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.243	-0.014	1.182	1.141	1.108	CADJPY	¥94.51	+1.249	100.93	99.56	91.54
EURUSD	\$1.148	+0.013	1.184	1.255	1.353	CADAUD	\$1.031	+0.005	1.048	1.003	1.013
USDJPY	¥117.53	+0.250	119.26	113.60	101.45	GBPCAD	£1.906	-0.003	1.785	1.826	1.808
GBPUSD	\$1.533	+0.015	1.511	1.600	1.631	EURJPY	¥134.88	+1.820	141.20	142.53	137.29
AUDUSD	\$0.780	+0.005	0.808	0.874	0.891	EURAUD	\$1.47	+0.008	1.47	1.44	1.52

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	2400K	2385K
Thu, Feb 05	Initial Jobless Claims	290K	--	278K
Thu, Feb 05	Trade Balance	-38B	-46.6B	-39B
Fri, Feb 06	Unemployment Rate	5.6%	--	5.6%

Citigroup Economic Surprise Index



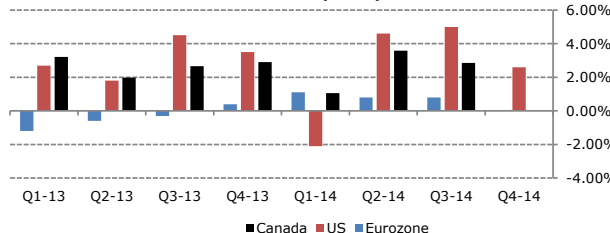
Canada

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%

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%

Real GDP (YoY%)



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