

## Today's Commentary

American markets ended a two-day losing streak yesterday, while Canadian markets closed with small gains, as optimism over Greece reaching a debt agreement grew. Additionally, 78% of companies on the S&P 500 that have released results have beat profit estimates this quarter. The Dow and the S&P 500 gained 139.55 (0.79%) and 21.85 (1.07%) to 17,868.76 and 2,068.59 respectively. The Dow was given a boost by Coca Cola, which jumped 2.8% on higher than expected earnings. The TSX rose 11.82 (0.08%) to 15,112.52. In contrast, energy stocks dropped as oil lost \$2.84 to \$50.02. Gold shed 0.43% to \$1,234 an ounce. The yield on US 10s gained 2bps to 2.00%, while Canadian 10s lost 1bps to 1.42%.

Aggregate demand in China is showing continued signs of a slump, as consumer prices rose only 0.8% from last year, the slowest pace in over five years. An even more troubling statistic is that the Chinese Producer Price Index fell 4.3% in January as compared to a year earlier, overshooting a 3.8% expected downturn. The reading suggests worsened profitability of manufacturers due to lower commodity prices, as well as factory over-capacity problems. Sluggish prices comes on the back of a dismal January trade balance that saw the nation's imports fall almost 20%, further highlighting concerns of slowing demand. HSBC economist Julia Wang anticipates that the weak data will, "increase the need for further monetary easing. We continue to expect another 25bps cut to the policy rate in Q1." With China being the largest global consumer of industrial metals, copper retreated 1.4%, the most in over a week, in response to the price release.

Currency markets saw a jump in volatility yesterday as uncertainty regarding today's emergency meeting between Greece and the EU loomed, causing investors to insure their euros against possible declines. Wolfgang Schaeuble, Germany's Finance Minister has stated that "it's over" for Greece if it fails to continue its current bailout program, as the European portion of its bailout expires at the end of February. Greek sovereign debt rose, while the Athens Stock Exchange index jumped 8% after renewed hopes that Greece's Prime Minister Alexis Tsipras would concede certain issues regarding his proposed reforms. Greece wants to renegotiate terms regarding its public debt, which sits at 175% of GDP, with the Troika, outlining a 10 point reform created in part with the Organisation of Economic Cooperation and Development. A meeting of Eurozone Finance Ministers at the beginning of next week is the expected deadline for Greece to reach a new deal or agree to continue its current program.

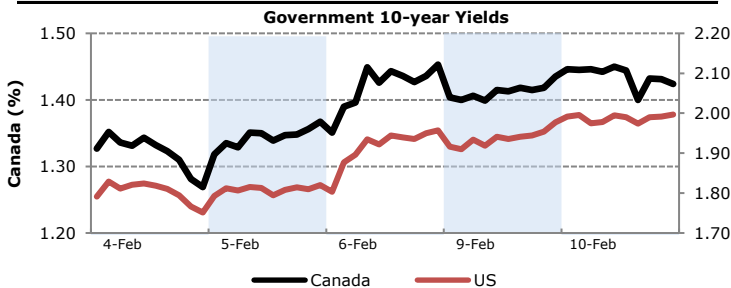
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

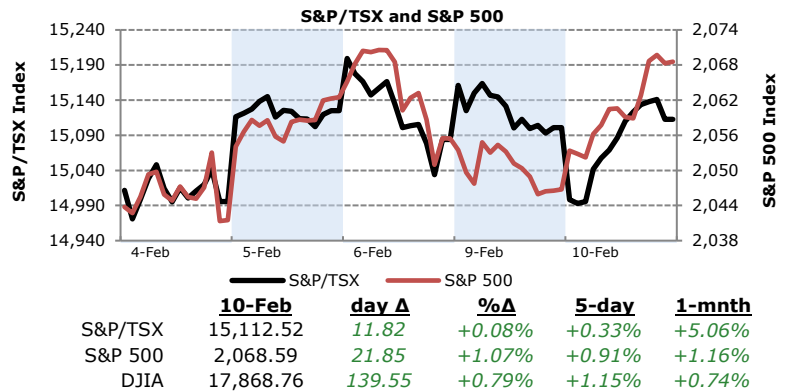
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

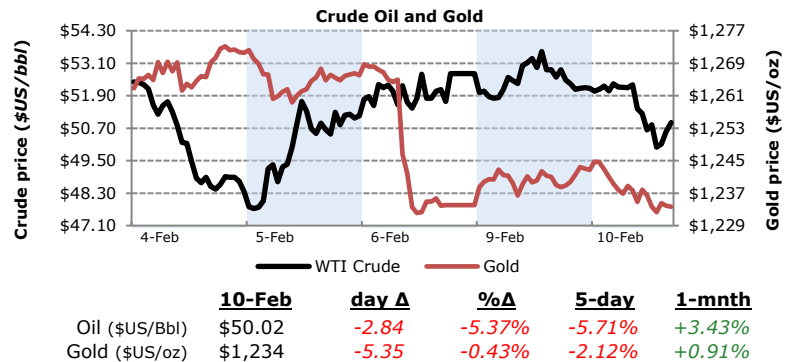
## Interest Rates



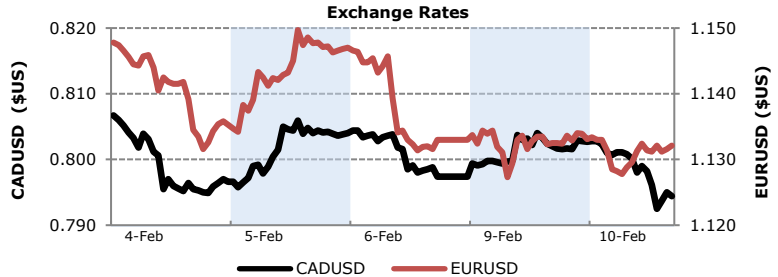
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	10-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.259	+0.012	1.242	1.197	1.106
EURUSD	\$1.132	-0.000	1.148	1.183	1.365
USDJPY	¥119.43	+0.790	117.570	118.35	102.26

Government 10-year Yields

	10-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.42%	-0.011%	1.66%	2.06%	2.41%
United States	2.00%	0.019%	1.94%	2.37%	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.

<http://www.rotmanfinanceassociation.com>

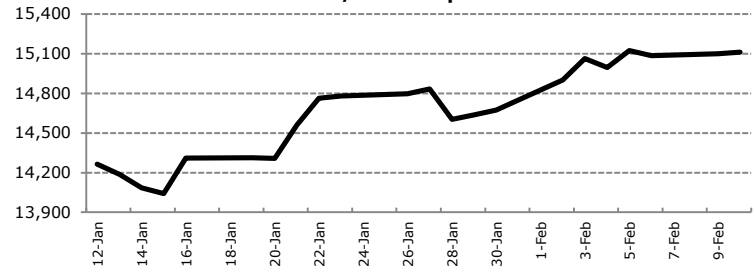
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### S&P/TSX Composite

	<b>10-Feb</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	15,112.52	11.82	+0.08%
<b>Trailing S&amp;P/TSX TSX 60</b>			
5-day	+0.33%	+0.50%	
1-month	+5.06%	+5.23%	
3-months	+2.74%	+3.30%	
6-months	-0.55%	+1.17%	
12-months	+9.56%	+11.65%	



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.86%	+1.42%	+2.76%	+30.30%
C. Staples	+1.91%	-0.48%	+5.74%	+46.14%
Energy	-2.47%	-2.20%	+10.52%	-15.15%
Financials	-0.06%	+2.23%	+1.93%	+9.74%
Healthcare	+1.76%	+2.40%	+9.54%	+19.75%
Info Tech	+2.21%	+4.74%	+9.76%	+38.21%
Industrials	+0.82%	+1.38%	+5.29%	+19.88%
Materials	-0.97%	-1.54%	+5.09%	-4.72%
Metals & Mining	-3.52%	-4.23%	-5.86%	-22.42%
Telecom	+1.08%	-2.84%	-1.61%	+8.20%
Utilities	+0.42%	-0.82%	+2.93%	+11.20%

### TSX Top Performers

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Sierra Wireless Inc	+6.36%	-10.15%	-20.09%	+107.06%
Silver Standard Resources	+4.93%	+3.51%	+11.99%	-25.78%
Cameco Corp	+3.97%	+5.01%	+6.36%	-10.68%
Valeant Pharmaceuticals I	+3.73%	+4.55%	+13.44%	+35.47%
Oceanagold Corp	+3.56%	+0.77%	+8.71%	+9.17%

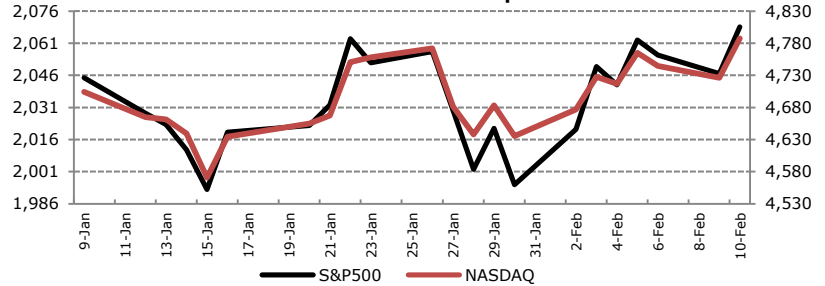
### TSX Worst Performers

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Pacific Rubiales Energy C	-16.43%	-9.25%	-26.43%	-72.18%
Lightstream Resources Ltd	-12.72%	+21.77%	+52.53%	-72.84%
Capstone Mining Corp	-11.81%	-5.22%	-37.75%	-58.09%
Legacy Oil + Gas Inc	-10.92%	+1.44%	+25.44%	-63.88%
Crew Energy Inc	-9.25%	-2.69%	+9.04%	-20.36%

### US Indices

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
10-Feb	2,068.59	17,868.76	4,787.65
1-day	+1.07%	+0.79%	+1.30%
5-day	+0.91%	+1.15%	+1.27%
1-month	+1.16%	+0.74%	+1.78%
3-months	+1.49%	+1.45%	+2.92%
6-months	+7.09%	+7.94%	+9.53%
12-months	+14.93%	+13.08%	+15.42%

### S&P 500 & Nasdaq



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+1.23%	+2.02%	+3.73%	+14.84%
C. Staples	+1.13%	+0.48%	+0.07%	+19.86%
Energy	-0.19%	-0.47%	+3.52%	-3.52%
Financials	+0.72%	+1.74%	+0.17%	+13.55%
Healthcare	+1.56%	-0.18%	-0.39%	+23.21%
Info Tech	+1.59%	+1.84%	+0.23%	+19.66%
Industrials	+0.59%	+0.24%	+1.75%	+11.81%
Materials	+0.74%	+2.16%	+3.69%	+11.25%
Telecom	+0.81%	+2.74%	+5.79%	+9.87%
Utilities	+2.08%	-3.44%	-0.72%	+20.38%

### DJIA Top Performers

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Pfizer Inc	+3.27%	+7.59%	+5.52%	+12.39%
Coca-Cola Co/The	+2.84%	+1.85%	-1.46%	+13.22%
Intel Corp	+2.34%	+0.72%	-7.67%	+42.80%

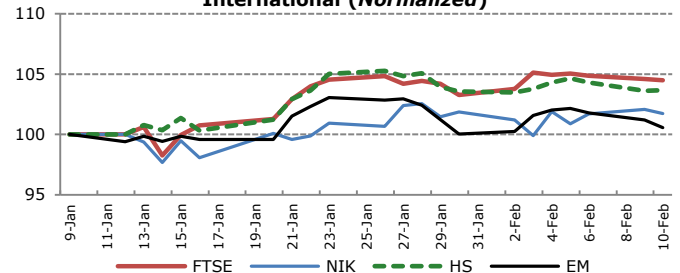
### DJIA Worst Performers

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Caterpillar Inc	-0.91%	-0.02%	-3.49%	-8.70%
Exxon Mobil Corp	-0.60%	-0.60%	-0.44%	+4.59%
Visa Inc-Class A Shares	-0.34%	+1.83%	+1.54%	+20.86%

### International Markets

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	6,829.12	17,652.68	24,528.10	966.83
1-day	-0.12%	-0.33%	+0.03%	-0.62%
5-day	-0.62%	+1.83%	-0.11%	-0.99%
1-month	+5.04%	+2.65%	+2.54%	+0.57%
3-months	+3.30%	+5.20%	+3.30%	-3.09%
6-months	+3.99%	+19.45%	+0.81%	-7.53%
12-months	+3.60%	+19.94%	+13.67%	+3.35%

### International (Normalized)



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**Nymex WTI Crude Oil**

(\$US/Bbl)	10-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$50.02	-\$2.84	-5.37%	-5.71%	+3.43%
Cal 15	\$54.94	-\$2.27	-3.97%	-4.42%	-4.41%
Cal 16	\$61.93	-\$1.42	-2.24%	-2.95%	-1.74%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$53.00	\$62.50	\$70.00	\$72.00	\$74.00
Current Forward	\$52.17	\$55.84	\$58.45	\$60.23	\$61.93

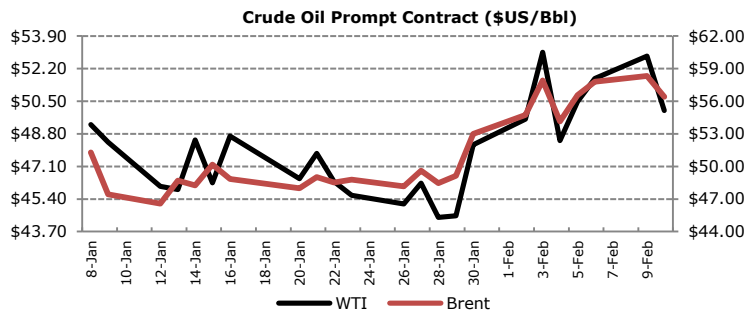
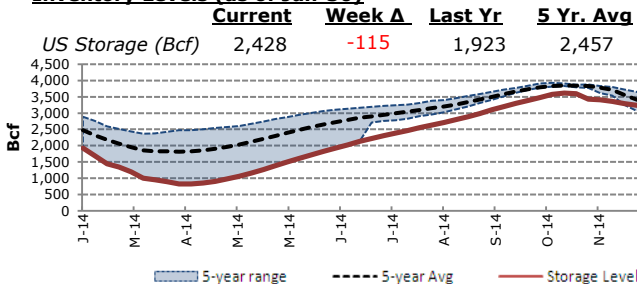
**Inventory Levels (as of Jan-30)**

(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

**Nymex Natural Gas**

(\$US/MMbtu)	10-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.68	+\$0.08	+3.08%	-2.80%	-9.13%
Apr15-Oct15	\$2.82	+\$0.07	+2.61%	-0.87%	-8.42%
Nov15-Mar16	\$3.22	+\$0.05	+1.67%	-0.17%	-8.29%
Apr16-Oct16	\$3.20	+\$0.04	+1.18%	-0.53%	-8.22%
Nov16-Mar17	\$3.57	+\$0.03	+0.81%	-0.25%	-2.50%

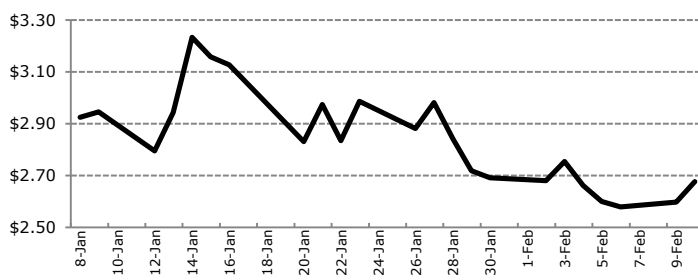
**Inventory Levels (as of Jan-30)**



**UK Brent Crude Oil**

(\$US/Bbl)	10-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$56.43	-\$1.91	-3.38%	-2.56%	+18.98%

**Nat Gas Prompt (\$US/MMbtu)**

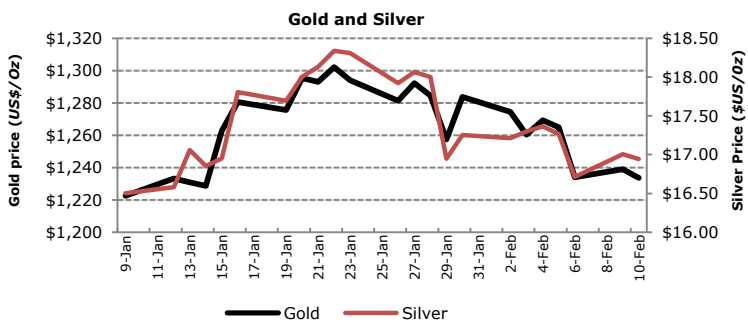


**Alberta Natural Gas**

(\$CAD/GJ)	10-Feb	day Δ	%Δ
AECO Mar-15	\$2.54	+\$0.13	+5.3%

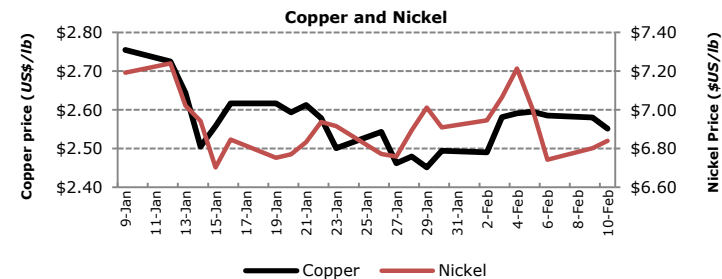
**Precious Metals**

\$US/oz	10-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,233.64	-\$5.35	-0.4%	-2.1%	+0.9%	+4.0%
Silver	\$16.94	-\$0.06	-0.4%	-2.1%	+2.7%	+4.9%
Platinum	\$1,209	-\$10.55	-0.9%	-2.1%	-1.9%	+0.6%



**Industrial Metals**

\$US/lb	10-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.55	-\$0.03	-1.1%	-1.2%	-7.4%	-16.1%
Nickel	\$6.84	+\$0.04	+0.6%	-3.2%	-4.9%	-4.9%
Zinc	\$1.06	+\$0.00	+0.0%	+1.2%	-0.4%	-4.1%
Aluminum	\$0.90	-\$0.01	-1.1%	0.0%	+3.4%	-8.2%
Uranium	\$38.20	+\$0.00	0.0%	+1.7%	+7.9%	-13.2%



**Agriculture & Other**

	10-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.88	-\$0.03	-0.8%	+0.6%	-3.5%
Wheat (\$US/bu)	\$5.22	-\$0.08	-1.5%	+1.6%	-6.1%
Soybeans (\$US/bu)	\$9.69	-\$0.10	-1.0%	-1.8%	-4.6%
Rough Rice (\$US/cwt)	\$10.24	-\$0.20	-1.9%	-1.4%	-10.7%
Sugar #11 (¢US/lb)	¢14.69	¢-0.10	-0.7%	-0.3%	-2.3%
Lean Hogs (¢US/lb)	¢66.58	¢-0.17	-0.3%	-6.1%	-14.3%
Live Cattle (¢US/lb)	¢153.78	¢+0.13	+0.1%	+2.1%	-3.5%
Cotton No.2 (\$US/lb)	\$0.63	+\$0.00	+0.3%	+1.7%	+4.1%
Lumber (\$US/Mbft)	\$317.80	-\$3.00	-0.9%	+1.3%	+0.3%

**Commodity ETFs**

	10-Feb	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$9.19	-\$0.87	-8.6%	-8.7%	+12.6%
HBP Nat Gas U	\$4.09	+\$0.22	+5.7%	-5.3%	-12.4%
iShares Gold ETF	\$10.98	-\$0.08	-0.7%	-1.9%	+0.0%
<b>\$USD</b>					
US Crude Oil	\$18.94	-\$0.83	-4.2%	-3.47%	+2.1%
US Nat Gas	\$13.72	+\$0.42	+3.2%	-2.56%	-8.2%
PSDB Agriculture	\$23.33	-\$0.28	-1.2%	0.39%	-6.3%
PSDB Base Metals	\$15.12	-\$0.20	-1.3%	-1.63%	-3.7%

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## Interest Rates

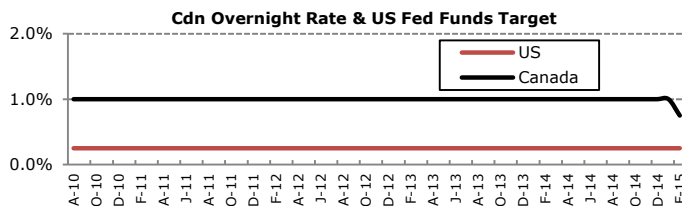
### Canadian yield curve

	10-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.54%	-	0.91%	0.90%	0.88%
6-mnth	0.53%	-	0.94%	0.92%	0.91%
12-mnth	0.50%	-0.02%	0.98%	0.98%	0.95%
2-year	0.43%	-0.06%	0.95%	1.02%	0.98%
5-year	0.73%	-0.04%	1.22%	1.55%	1.60%
10-year	1.42%	-0.01%	1.66%	2.06%	2.41%
20-year	1.97%	+0.00%	2.18%	2.60%	2.88%
30-year	2.04%	+0.01%	2.22%	2.63%	3.01%

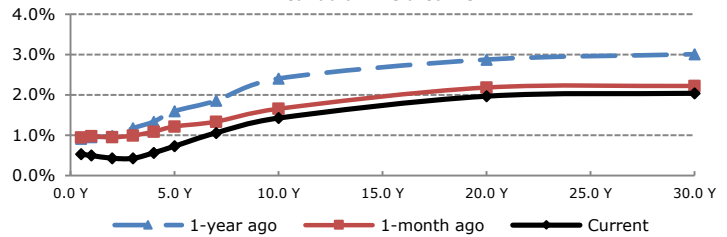
### US yield curve

	10-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-	0.02%	0.01%	0.06%
6-mnth	0.07%	-0.01%	0.07%	0.06%	0.07%
12-mnth	0.23%	-0.01%	0.19%	0.11%	0.11%
2-year	0.65%	-0.00%	0.56%	0.54%	0.31%
5-year	1.51%	+0.01%	1.42%	1.65%	1.47%
10-year	2.00%	+0.02%	1.94%	2.37%	2.67%
30-year	2.58%	+0.02%	2.53%	3.10%	3.65%

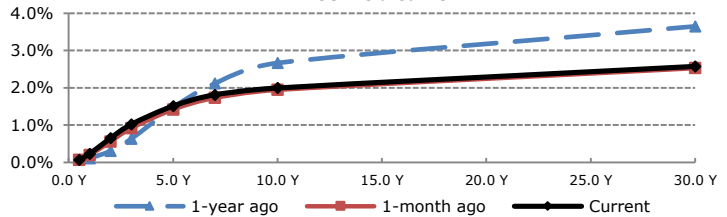
	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.75%	1.00%	4-Mar-15	0.60%
US Fed Funds	0.25%	0.25%	18-Mar-15	0.25%



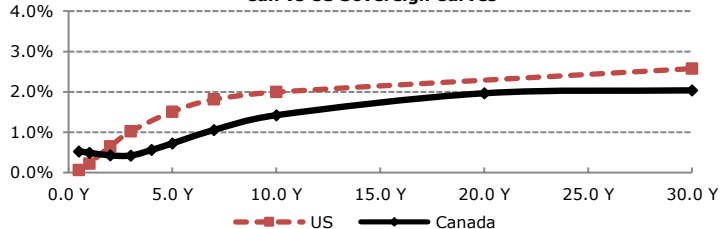
### Canadian Yield Curve



### US Yield Curve



### Can vs US Sovereign Curves



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	10-Feb	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.259	+0.012	1.197	1.133	1.106	
EURUSD	\$1.132	-0.000	1.183	1.246	1.365	
USDJPY	¥119.43	+0.790	118.35	114.60	102.26	
GBPUSD	\$1.525	+0.004	1.517	1.587	1.640	
AUDUSD	\$0.777	-0.003	0.816	0.864	0.895	

	Spot	10-Feb	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥94.88	-0.284	98.83	101.16	92.49	
CADAUD	\$1.022	-0.006	1.024	1.022	1.011	
GBPCAD	£1.920	+0.023	1.817	1.798	1.813	
EURJPY	¥135.20	+0.850	140.05	142.73	139.54	
EURAUD	\$1.46	+0.006	1.45	1.44	1.52	

## Economic Releases

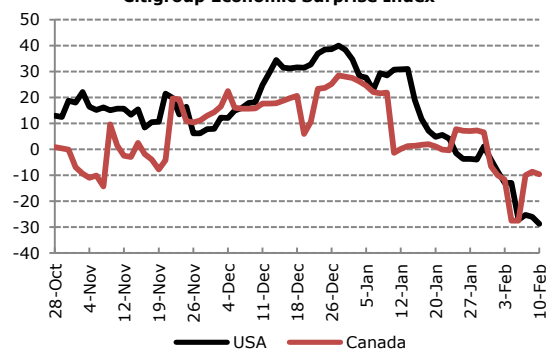
### United States

	Period	Survey	Actual	Prior
Thu, Feb 12	Advance Retail Sales	-0.4%	--	-0.9%
Thu, Feb 12	Continuing Claims	2401K	--	2400K
Thu, Feb 12	Initial Jobless Claims	287K	--	278K

### Canada

	Period	Survey	Actual	Prior
Mon, Feb 09	Housing Starts	178.5K	187.276K	180.56K
Fri, Feb 13	Manufacturing Sales (MoM)	0.9%	--	-1.4%

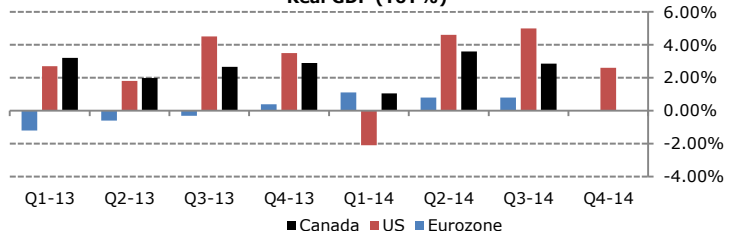
### Citigroup Economic Surprise Index



## Economics

	Q1-14	Q2-14	Q3-14	Q4-14	2013E
<b>Canada</b>					
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%
<b>US</b>					
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%
<b>China</b>					
Real GDP	7.40%	7.50%	7.30%	7.30%	7.70%

### Real GDP (YoY%)



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