

Today's Commentary

Markets were risk-on in trading yesterday, as a ceasefire between Russia and Ukraine was announced, while Ukraine received extended bailout assistance from the IMF. Investors gave a nod to European and American equities, as the benchmark S&P 500 rose 19.95 (0.96%) to 2,088.48, and the Stoxx Europe 600 closed 0.8% higher. The loonie gained about 1% versus the greenback, in response to weaker US retail sales and a bid in crude, which saw WTI climb more than 4%. The TSX ended higher on the back of stronger performance from resource stocks, with the index rising 77.02 (0.51%) to 15,228.52. Gains in Canada were pared due to disappointing earnings from insurance giants and news that Bombardier would suspend dividends to investors while planning a new seasoned offering. US 10s finished at 1.98%, slipping 3bps while the Canadian 10s also fell 5bps to 1.4%

American retail slipped again in January, after the strongest quarter for consumer spending since 2006. Retail sales dropped 0.8% in January, after slipping 0.3% in December. American consumers have cut spending on a variety of goods, despite the low gasoline prices and strengthening labor market. Economists have speculated that consumers are using their extra cash to pay off debt and increase their savings. These disappointing retail sales have resulted in JPMorgan dropping their Q1 GDP growth estimates to 2.5% from 3%. According to Michael Feroli, chief US economist at JPMorgan, "Consumers are basically seeing all these positives but they're being a little more prudent about how they spend... We're not too concerned. Consumer spending is fine, it's just not doing all that well given the very favorable fundamentals."

A compromise may be reached between Greece and Germany, as discussions continued at an EU summit yesterday after Eurozone finance ministers failed to reach a solution. Germany, the Eurozone's largest bailout contributor, is prepared to ease some of the elements of the current bailout program, so long as Greece is willing to continue it. Greek Prime Minister Alexis Tsipras still hopes for a bridge deal which would lead to a new bailout agreement in six months, but has shown willingness to stick to most of the current bailout regime. Greece is willing to continue a primary budget surplus, but has set its sights lower than the current target of 4% GDP, and has indicated that it is willing to consider privatizations of some current public sectors. The Benchmark Athens Stock Exchange Index closed 6.7% higher yesterday, while Greek sovereign three year notes shed 269bps, falling to 18.05% as investors show hope of a deal.

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
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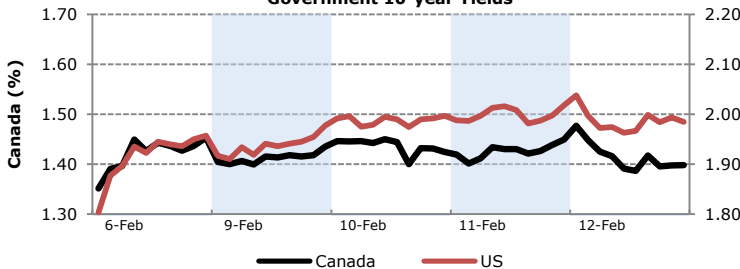
Canada

Manufacturing Sales (MoM)

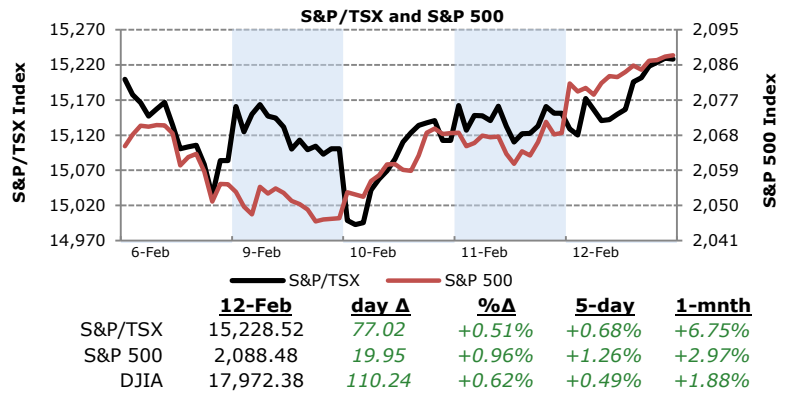
Period	Survey	Actual	Prior
	0.80%	1.70%	-1.20%

Interest Rates

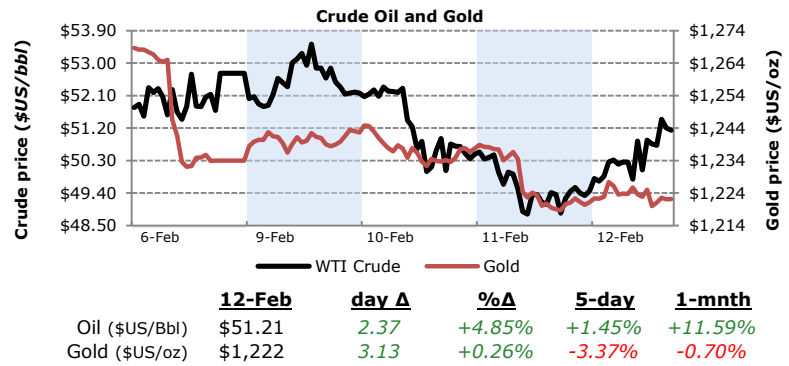
Government 10-year Yields



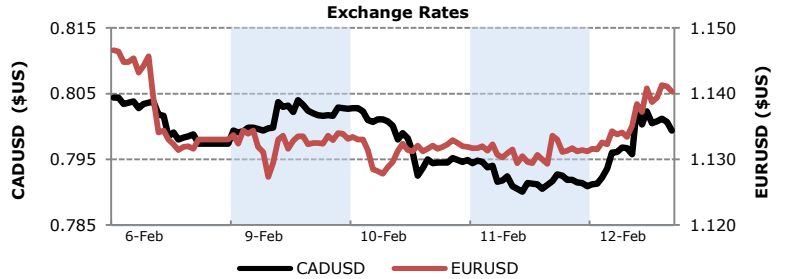
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	Historical levels				
	12-Feb	day Δ	-5 days	-1 mnth	-1 year
USDCAD	\$1.251	-0.012	1.243	1.195	1.100
EURUSD	\$1.140	+0.007	1.148	1.179	1.359
USDJPY	¥119.11	-1.350	117.530	117.33	102.53

Government 10-year Yields

	Historical levels				
	12-Feb	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.40%	-0.051%	1.60%	2.03%	2.49%
United States	1.98%	-0.033%	1.90%	2.32%	2.76%

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>

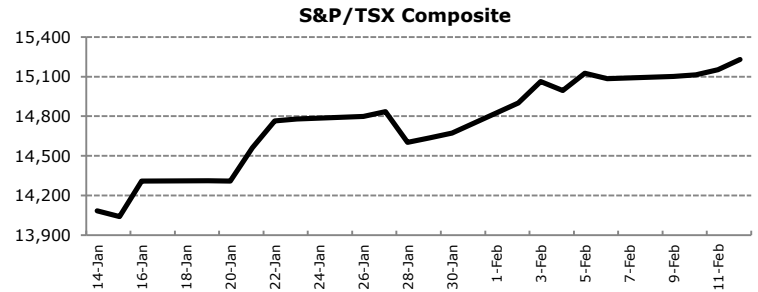
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	12-Feb	day Δ	%Δ
S&P/TSX	15,228.52	77.02	+0.51%

	Trailing S&P/TSX	TSX 60
5-day	+0.68%	+0.74%
1-month	+6.75%	+6.71%
3-months	+2.51%	+3.01%
6-months	-0.30%	+1.33%
12-months	+9.55%	+11.56%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.29%	+0.97%	+2.76%	+30.47%
C. Staples	+0.20%	+1.83%	+7.03%	+47.47%
Energy	+1.33%	+1.64%	+17.81%	-15.07%
Financials	+0.26%	+2.04%	+3.56%	+9.25%
Healthcare	+0.21%	+2.03%	+10.23%	+18.04%
Info Tech	-0.13%	+2.27%	+11.18%	+37.39%
Industrials	+0.02%	+0.36%	+5.91%	+19.26%
Materials	+1.00%	-2.61%	+3.74%	-4.16%
Metals & Mining	+4.25%	-0.21%	+1.79%	-20.40%
Telecom	-0.19%	-0.50%	-0.94%	+10.64%
Utilities	-0.28%	-1.31%	+2.43%	+10.78%

TSX Top Performers

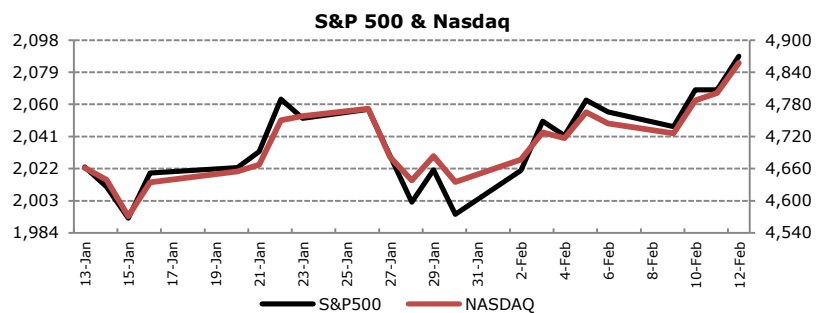
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Lightstream Resources Ltd		+10.34%	+11.89%	+70.21%	-73.81%
Keyera Corp		+10.01%	+5.65%	+6.92%	+23.56%
Semafo Inc		+7.01%	-8.74%	+3.39%	-0.50%
First Quantum Minerals Lt		+6.66%	+2.55%	-15.99%	-36.50%
Parex Resources Inc		+6.44%	+11.90%	+47.60%	+18.75%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Bombardier Inc-B		-11.51%	-8.50%	-31.55%	-33.42%
Mullen Group Ltd		-8.40%	-4.19%	+9.46%	-25.85%
Sun Life Financial Inc		-6.51%	-3.97%	-2.05%	+4.53%
Centerra Gold Inc		-6.10%	-21.98%	-13.67%	+27.66%
Primero Mining Corp		-3.07%	-14.02%	-24.17%	-41.29%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing 12-Feb	2,088.48	17,972.38	4,857.61
1-day	+0.96%	+0.62%	+1.18%
5-day	+1.26%	+0.49%	+1.94%
1-month	+2.97%	+1.88%	+4.14%
3-months	+2.46%	+2.05%	+3.90%
6-months	+8.00%	+8.53%	+10.67%
12-months	+14.80%	+12.58%	+15.62%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+1.14%	+1.91%	+5.44%	+15.30%
C. Staples	+0.46%	+0.99%	+1.45%	+20.40%
Energy	+1.34%	+0.39%	+7.22%	-3.88%
Financials	+1.05%	+2.04%	+2.04%	+13.63%
Healthcare	+0.34%	-0.00%	+0.12%	+22.26%
Info Tech	+1.64%	+2.88%	+3.70%	+20.39%
Industrials	+0.86%	+0.88%	+3.24%	+11.18%
Materials	+1.75%	+1.83%	+5.54%	+11.88%
Telecom	-0.13%	+2.07%	+4.85%	+7.88%
Utilities	-0.53%	-5.84%	-3.35%	+16.01%

DJIA Top Performers

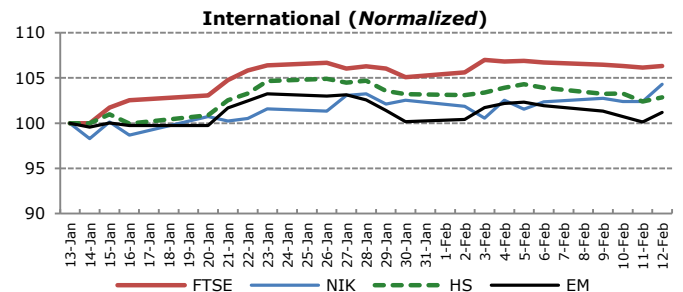
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Cisco Systems Inc		+9.39%	+8.07%	+5.03%	+28.93%
Jpmorgan Chase & Co		+2.06%	+4.93%	+1.26%	+3.56%
Exxon Mobil Corp		+1.95%	+0.01%	+2.26%	+1.42%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
American Express Co		-6.43%	-5.02%	-10.08%	-9.59%
Johnson & Johnson		-1.93%	-3.92%	-5.87%	+6.51%
Verizon Communications In		-0.58%	+3.47%	+5.18%	+4.54%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing Last Close	6,828.11	17,979.72	24,422.15	971.19
1-day	+0.15%	+1.85%	+0.44%	+1.04%
5-day	-0.55%	+1.70%	-1.39%	-1.12%
1-month	+5.02%	+4.55%	+1.65%	+1.64%
3-months	+3.28%	+4.55%	+2.02%	-2.50%
6-months	+2.95%	+18.59%	-1.08%	-8.76%
12-months	+2.29%	+21.48%	+9.59%	+1.88%



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Nymex WTI Crude Oil

(\$US/Bbl)	12-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$51.21	+\$2.37	+4.85%	+1.45%	+11.59%
Cal 15	\$56.35	+\$2.35	+4.34%	+2.04%	-1.26%
Cal 16	\$63.08	+\$1.66	+2.70%	+1.72%	+0.53%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$54.90	\$62.50	\$70.00	\$72.00	\$74.00
Current Forward	\$53.51	\$57.38	\$59.86	\$61.44	\$63.08

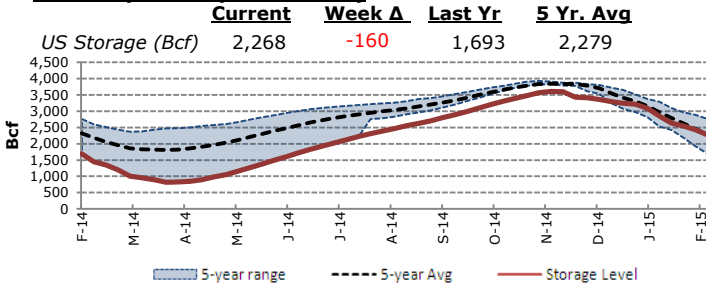
Inventory Levels (as of Feb-06)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	417,928	+4,868	337,426	319,411
Motor Gas	242,647	+1,977	214,389	200,481
Distillates	131,223	-3,252	171,756	140,851

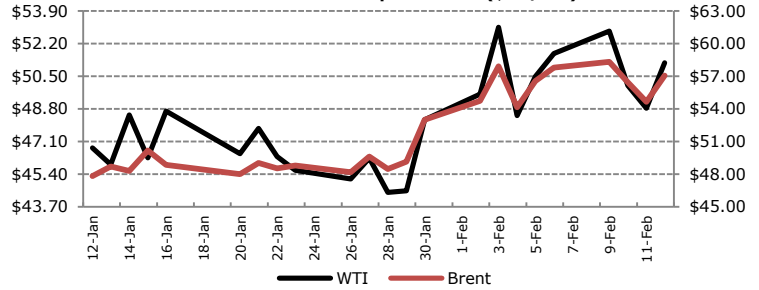
Nymex Natural Gas

(\$US/MMbtu)	12-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.71	-\$0.08	-3.00%	+4.35%	-7.82%
Apr15-Oct15	\$2.84	-\$0.07	-2.27%	+4.46%	-8.99%
Nov15-Mar16	\$3.23	-\$0.04	-1.28%	+3.33%	-8.51%
Apr16-Oct16	\$3.20	-\$0.03	-0.96%	+1.75%	-8.12%
Nov16-Mar17	\$3.56	-\$0.03	-0.72%	+1.51%	-6.04%

Inventory Levels (as of Feb-06)



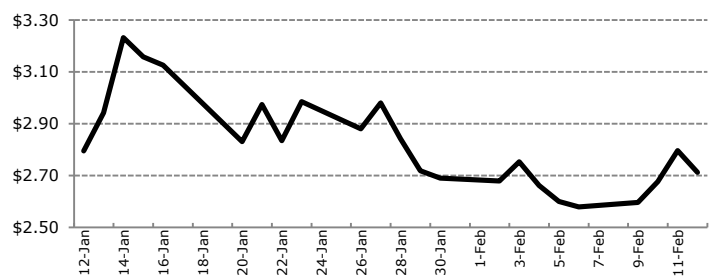
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	12-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$57.05	+\$2.39	+4.19%	+0.85%	+17.17%

Nat Gas Prompt (\$US/MMbtu)



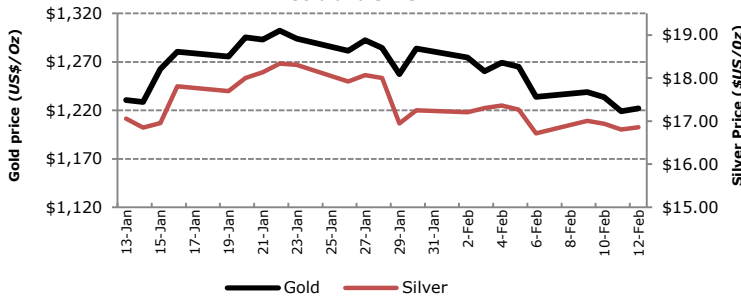
Alberta Natural Gas

(\$CAD/GJ)	12-Feb	day Δ	%Δ
AECO Mar-15	\$2.51	-\$0.20	-7.4%

Precious Metals

\$US/oz	12-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,222.15	+\$3.13	+0.3%	-3.4%	-0.7%	+3.3%
Silver	\$16.85	+\$0.05	+0.3%	-2.4%	-1.2%	+4.3%
Platinum	\$1,200	+\$4.40	+0.4%	-4.3%	-3.3%	+0.9%

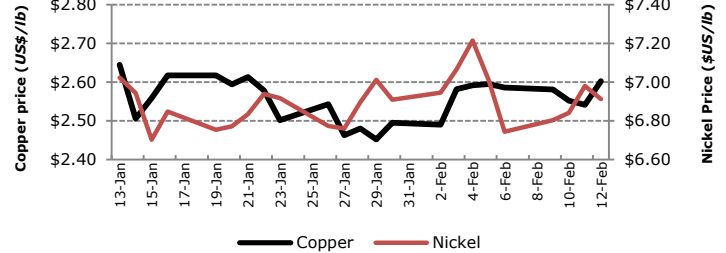
Gold and Silver



Industrial Metals

\$US/lb	12-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.60	+\$0.06	+2.4%	+0.3%	-1.6%	-14.5%
Nickel	\$6.91	-\$0.07	-1.0%	-1.4%	-1.6%	-5.9%
Zinc	\$1.04	-\$0.00	-0.4%	-1.1%	-0.7%	-5.5%
Aluminum	\$0.88	-\$0.02	-2.2%	-3.3%	+1.1%	-10.2%
Uranium	\$37.75	-\$0.25	-0.7%	-1.2%	+5.9%	-10.2%

Copper and Nickel



Agriculture & Other

	12-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.83	-\$0.03	-0.7%	-0.6%	+0.5%
Wheat (\$US/bu)	\$5.20	-\$0.04	-0.8%	-1.4%	-3.9%
Soybeans (\$US/bu)	\$9.87	+\$0.06	+0.6%	-0.1%	-2.7%
Rough Rice (\$US/cwt)	\$10.33	-\$0.05	-0.5%	-1.1%	-7.4%
Sugar #11 (¢US/lb)	¢14.91	+¢0.29	+2.0%	+2.7%	-1.8%
Lean Hogs (¢US/lb)	¢64.50	+¢0.67	+1.1%	-2.7%	-17.3%
Live Cattle (¢US/lb)	¢151.13	+¢0.03	+0.0%	+2.1%	-2.1%
Cotton No.2 (\$US/lb)	\$0.63	+\$0.01	+1.0%	+1.6%	+5.0%
Lumber (\$US/Mbft)	\$310.90	-\$2.90	-0.9%	-0.3%	-1.3%

Commodity ETFs

	12-Feb	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$9.41	+\$0.62	+7.1%	+0.7%	+4.6%
HBP Nat Gas U	\$4.17	-\$0.32	-7.1%	+7.5%	-30.6%
iShares Gold ETF	\$10.87	+\$0.02	+0.2%	-3.7%	-0.6%
\$USD					
US Crude Oil	\$19.18	+\$0.67	+3.6%	0.79%	+10.2%
US Nat Gas	\$13.88	-\$0.52	-3.6%	4.52%	-2.1%
PSDB Agriculture	\$23.36	+\$0.13	+0.6%	0.60%	-5.3%
PSDB Base Metals	\$15.26	+\$0.25	+1.7%	-0.52%	-1.4%

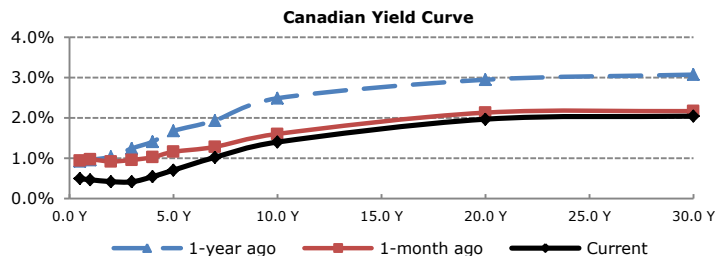
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Interest Rates

Canadian yield curve

	12-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.53%	-	0.92%	0.90%	0.88%
6-mnth	0.49%	-	0.94%	0.93%	0.92%
12-mnth	0.46%	+0.01%	0.97%	0.98%	0.96%
2-year	0.42%	-0.03%	0.92%	1.01%	1.04%
5-year	0.70%	-0.06%	1.16%	1.52%	1.67%
10-year	1.40%	-0.05%	1.60%	2.03%	2.49%
20-year	1.97%	-0.03%	2.13%	2.57%	2.94%
30-year	2.04%	-0.02%	2.17%	2.59%	3.07%

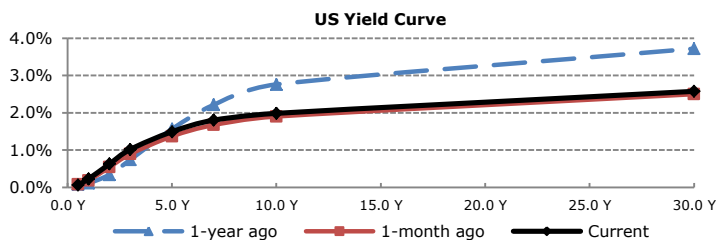
Historical Levels



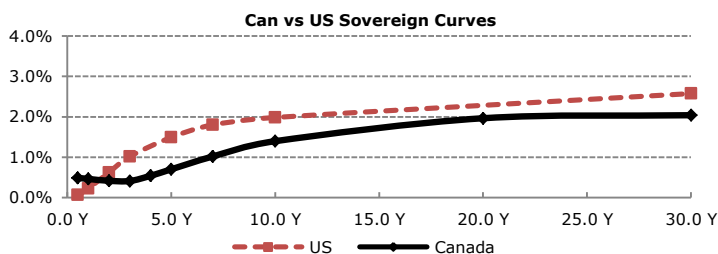
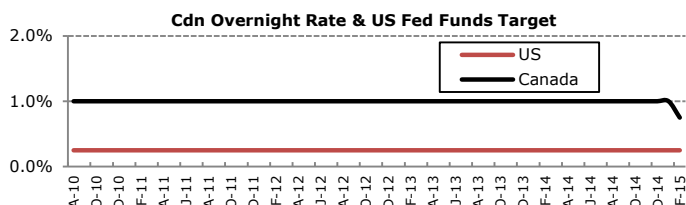
US yield curve

	12-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	+0.01%	0.03%	0.01%	0.05%
6-mnth	0.07%	-0.01%	0.08%	0.06%	0.08%
12-mnth	0.22%	-0.01%	0.18%	0.14%	0.11%
2-year	0.62%	-0.04%	0.54%	0.51%	0.34%
5-year	1.49%	-0.05%	1.37%	1.61%	1.56%
10-year	1.98%	-0.03%	1.90%	2.32%	2.76%
30-year	2.58%	-0.01%	2.50%	3.05%	3.72%

Historical Levels



	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	12-Feb	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.251	-0.012	1.195	1.134	1.100
EURUSD	\$1.140	+0.007	1.179	1.248	1.359
USDJPY	¥119.11	-1.350	117.33	115.78	102.53
GBPUSD	\$1.538	+0.015	1.523	1.592	1.660
AUDUSD	\$0.774	+0.002	0.815	0.869	0.903

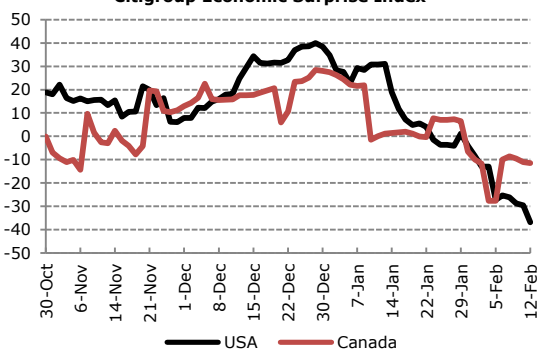
Spot	12-Feb	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥95.22	-0.141	98.17	102.14	93.18
CADAUD	\$1.033	+0.008	1.027	1.016	1.007
GBPUSD	£1.925	-0.000	1.821	1.805	1.826
EURJPY	¥135.83	-0.720	138.32	144.43	139.37
EURAUD	\$1.47	+0.006	1.45	1.44	1.51

Economic Releases

United States

	Period	Survey	Actual	Prior
Thu, Feb 12	Advance Retail Sales	-0.4%	-0.8%	-0.9%
Thu, Feb 12	Continuing Claims	2400K	2354K	2400K
Thu, Feb 12	Initial Jobless Claims	286.5K	304K	278K

Citigroup Economic Surprise Index



Canada

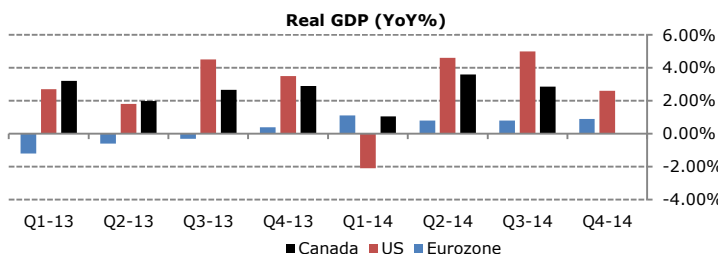
	Period	Survey	Actual	Prior
Mon, Feb 09	Housing Starts	178.5K	187.276K	180.56K
Fri, Feb 13	Manufacturing Sales (MoM)	0.9%	-1.4%	-0.6%

Economics

Canada	Q1-14	Q2-14	Q3-14	Q4-14	2013E
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	Q1-14	Q2-14	Q3-14	Q4-14	2013E
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	Q1-14	Q2-14	Q3-14	Q4-14	2013E
Real GDP	7.40%	7.50%	7.30%	7.30%	7.70%



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