

### Today's Commentary

American markets ended Wednesday relatively little changed, with the S&P 500 slipping only 0.66 (-0.03%) to 2,099.68, while the Dow weakened 17.73 (-0.1%) to 18,029.85. The Fed minutes from January's meeting signaled a cautious tone and the inactivity in markets suggests investors are divided between expectations of a June hike versus later meetings in the calendar year. Crude oil dropped 2.6% on a revival of oversupply fears, sending the TSX down 78.86 (-0.47%) to 15,212.75. Gold rose 0.2% on the back of more dovish sentiment from the Fed, while US 10s retreated 6bps and the Canadian 10s fell 3bps. In Asia, trading volumes have thinned, as Chinese markets are closed for the remainder of the week due to the Lunar New Year.

The US Federal Reserve minutes for the January 27-28 meeting were released yesterday, in which policymakers expressed concern over the effect of raising interest rates too soon on the US economic recovery. Even though US economic growth has been improving, several policymakers see falling inflation expectations and global economic threats as a problem. They expect the low inflation to be temporary, but feel it is important to monitor expectations for signs of the public's perception on the ability of the Fed to reach its 2% inflation target. There was also concern about weakness in the job market; while the unemployment rate is currently at 5.7%, close to the target band of 5.2% to 5.5%, wage growth has continued to be weak. It was also reiterated that the Fed would be patient with the timing of the interest rate hikes and stated that the decision would depend on economic data. It has been indicated that the central bank will likely begin raising rates in June, but the minutes suggest this is now less likely.

The Japanese economy continues to show positive signs as export numbers released today surpass the median estimate of 13.5%, rising 17% from a year ago. Japanese export volumes have risen 11%, with automotive and semiconductors at the forefront and in no small part due to a 15% increase in shipments to Asia. Japanese imports fell 9% due to a lower cost of fuel, leaving the Japanese deficit at \$17 billion, less than half of what it was in January 2014. The Nikkei 225 is close to its highest level since May 2000, with two thirds of its stocks rising yesterday. Technology firms like Sony and Fanuc are helping to drive gains, and "a massive catch-up rally by the megabanks this month" said David Welch, Reorient Group's head of equity sales in Hong Kong. The BOJ stated yesterday that it plans to continue its monetary stimulus, increasing the monetary base by \$675 billion annually which should also be a boon for the Japanese economy.

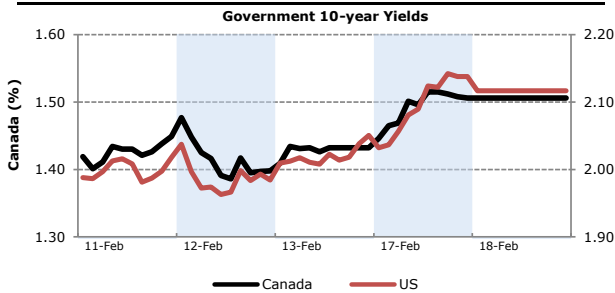
*The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glocheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.*

### Today's Major Economic Releases

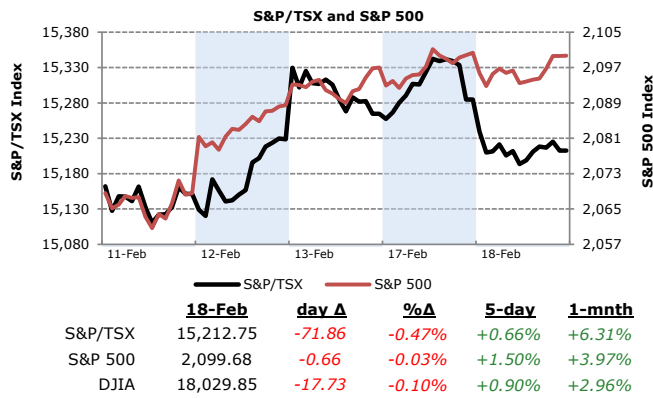
United States	Period	Survey	Actual	Prior
Leading Indicators		0.3%	--	0.5%
Continuing Claims		2360K	--	2354K
Initial Jobless Claims		290K	--	304K

Canada	Period	Survey	Actual	Prior
None Scheduled				

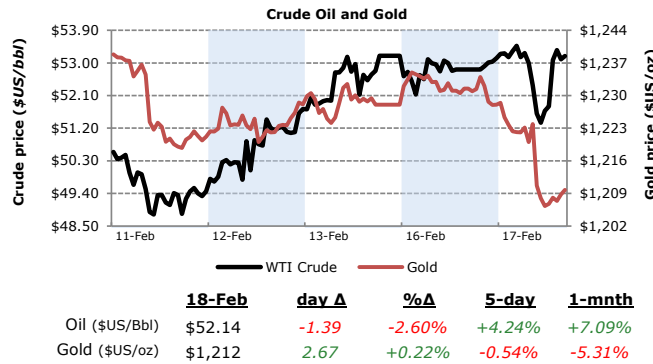
### Interest Rates



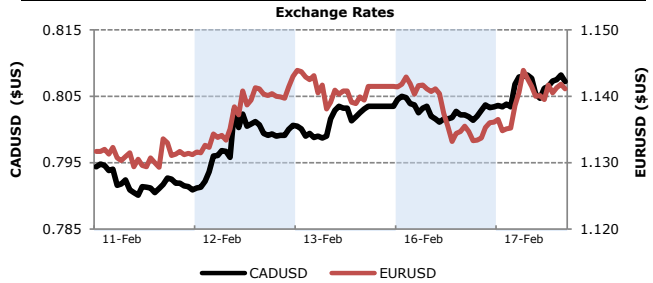
### Equities



### Commodities



### Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	18-Feb	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.246		+0.007	1.259	1.194	1.095
EURUSD	\$1.140		-0.001	1.132	1.161	1.376
USDJPY	¥118.79		-0.460	119.430	117.56	102.36

Government 10-year Yields

	18-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.47%	-0.034%	1.52%	2.02%	2.44%
United States	2.08%	-0.058%	1.84%	2.34%	2.71%

### 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.

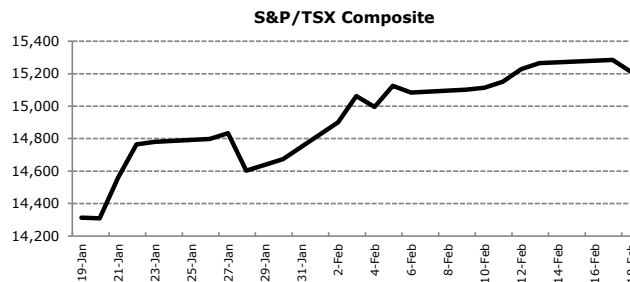
<http://www.rotmanfinanceassociation.com>

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	<b>18-Feb</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	15,212.75	-71.86	-0.47%
<b>Trailing</b>	<b>S&amp;P/TSX</b>	<b>TSX 60</b>	
5-day	+0.66%	+0.35%	
1-month	+6.31%	+6.25%	
3-months	+1.60%	+1.83%	
6-months	-0.82%	+0.57%	
12-months	+8.06%	+9.86%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.37%	+1.07%	+6.68%	+31.93%
C. Staples	-0.60%	+0.79%	+6.64%	+46.28%
Energy	-2.37%	-0.07%	+7.50%	-17.35%
Financials	-0.99%	+0.80%	+6.30%	+8.07%
Healthcare	+0.20%	+0.28%	+8.27%	+14.06%
Info Tech	-0.25%	+0.48%	+9.60%	+36.77%
Industrials	+0.12%	+0.47%	+7.88%	+20.44%
Materials	+1.72%	+0.82%	+4.75%	-6.64%
Metals & Mining	+1.65%	+9.70%	+22.06%	-15.24%
Telecom	+0.09%	+1.67%	-3.27%	+10.19%
Utilities	+0.88%	-0.47%	-0.49%	+9.01%

**TSX Top Performers**

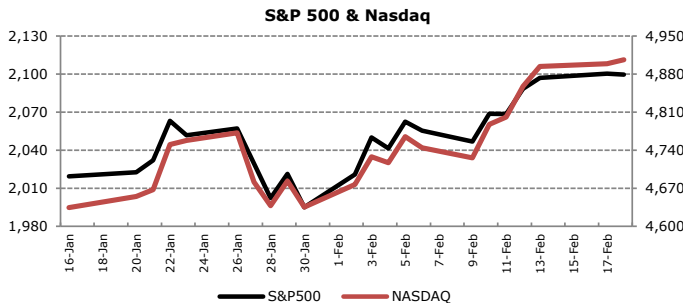
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Iamgold Corp	+7.01%	-5.84%	-20.55%	-36.82%
Eldorado Gold Corp	+6.00%	+6.69%	-26.19%	-17.63%
Torex Gold Resources Inc	+5.83%	+2.42%	-20.63%	+3.25%
Sherritt International Co	+5.49%	+17.37%	+16.28%	-27.11%
Alacer Gold Corp	+5.36%	+1.37%	+6.12%	-0.34%

**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>
Bellatrix Exploration Ltd	-8.85%	+25.45%	+5.74%	-57.32%
Pretium Resources Inc	-7.68%	-6.54%	-12.49%	-0.53%
Lightstream Resources Ltd	-6.33%	-1.99%	+30.97%	-76.43%
Pacific Rubiales Energy C	-6.29%	+1.21%	-5.87%	-74.45%
Penn West Petroleum Ltd	-6.01%	-8.33%	+41.43%	-66.44%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
18-Feb	2,099.68	18,029.85	4,906.36
1-day	-0.03%	-0.10%	+0.14%
5-day	+1.50%	+0.90%	+2.48%
1-month	+3.97%	+2.96%	+5.87%
3-months	+2.33%	+1.93%	+4.34%
6-months	+6.49%	+7.07%	+8.83%
12-months	+14.07%	+11.78%	+14.83%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.11%	+1.45%	+7.04%	+14.38%
C. Staples	+0.46%	+0.97%	+0.73%	+19.92%
Energy	-1.46%	+1.29%	+6.46%	-5.35%
Financials	-0.65%	+0.64%	+3.58%	+12.44%
Healthcare	+0.17%	+1.77%	+1.19%	+21.40%
Info Tech	+0.16%	+2.95%	+5.82%	+19.96%
Industrials	+0.50%	+1.95%	+5.12%	+11.65%
Materials	+0.22%	+2.67%	+7.70%	+11.23%
Telecom	-0.81%	-1.36%	+2.40%	+7.86%
Utilities	+2.36%	-2.27%	-5.45%	+14.35%

**DJIA Top Performers**

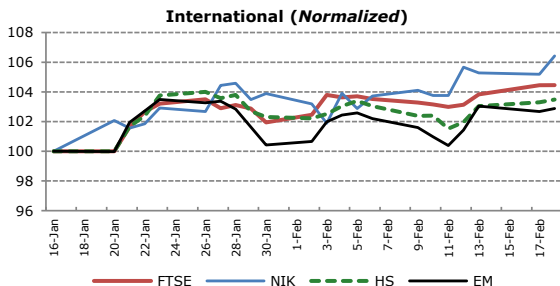
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Nike Inc -Cl B	+1.92%	+0.94%	+0.68%	+24.48%
Procter & Gamble Co/The	+0.90%	+1.02%	-5.47%	+10.63%
American Express Co	+0.89%	-7.06%	-7.28%	-10.38%

**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>
Exxon Mobil Corp	-2.19%	+0.00%	-0.12%	-3.25%
Chevron Corp	-1.74%	+0.24%	+5.06%	-2.01%
Intel Corp	-1.35%	+1.68%	-5.99%	+38.39%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hanq Seng</b>	<b>MSCI EM</b>
Last Close	6,898.08	18,199.17	24,832.08	985.01
1-day	-0.00%	+1.18%	+0.19%	+0.19%
5-day	+1.17%	+3.10%	+2.13%	+1.88%
1-month	+5.31%	+7.92%	+3.02%	+2.88%
3-months	+2.82%	+4.93%	+5.54%	-0.37%
6-months	+2.33%	+18.77%	-0.49%	-8.55%
12-months	+1.50%	+22.61%	+9.94%	+2.73%



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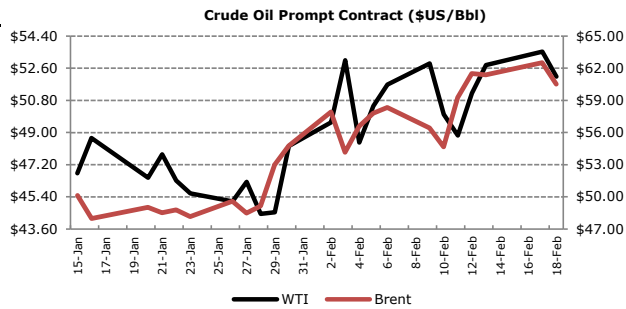
**Nymex WTI Crude Oil**

(\$US/Bbl)	18-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$52.14	-\$1.39	-2.60%	+4.24%	+7.09%
Cal 15	\$56.46	-\$1.52	-2.63%	+2.76%	+4.95%
Cal 16	\$62.32	-\$1.24	-1.96%	+0.63%	

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$54.90	\$62.00	\$70.00	\$72.00	\$74.00
Current Forward	\$53.99	\$57.38	\$59.43	\$60.80	\$62.32

**Inventory Levels (as of Feb-06)**

(MBbls)	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



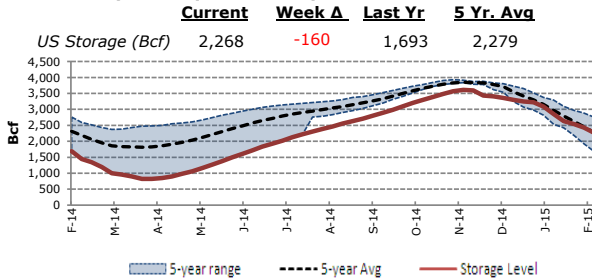
**UK Brent Crude Oil**

(\$US/Bbl)	18-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$60.53	-\$2.00	-3.30%	+10.74%	+26.13%

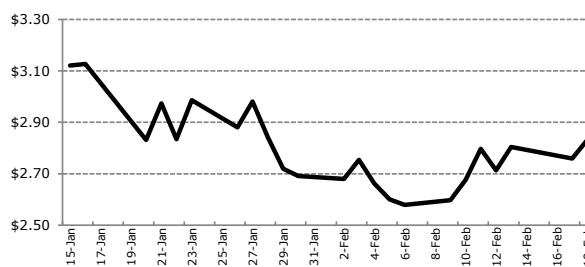
**Nymex Natural Gas**

(\$US/MMbtu)	18-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.83	+\$0.07	+2.61%	+5.75%	-9.47%
Apr15-Oct15	\$2.95	+\$0.07	+2.31%	+4.46%	+0.58%
Nov15-Mar16	\$3.29	+\$0.03	+1.08%	+2.11%	-1.73%
Apr16-Oct16	\$3.22	+\$0.01	+0.33%	+0.51%	-2.98%
Nov16-Mar17	\$3.58	+\$0.01	+0.25%	+0.22%	-1.74%

**Inventory Levels (as of Feb-06)**



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

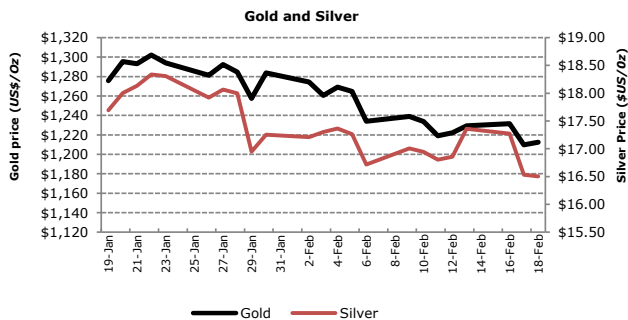


**Alberta Natural Gas**

(\$CAD/GJ)	18-Feb	day Δ	%Δ
AECO Mar-15	\$2.59	+\$0.05	+1.8%

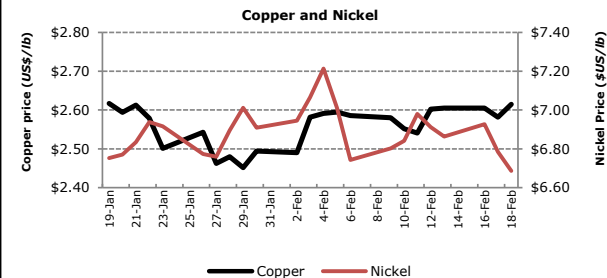
**Precious Metals**

\$US/oz	18-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,212.44	+\$2.67	+0.2%	-0.5%	-5.3%	+1.0%
Silver	\$16.50	-\$0.03	-0.2%	-1.8%	-7.3%	-1.1%
Platinum	\$1,175	-\$2.35	-0.2%	-1.7%	-7.3%	-4.0%



**Industrial Metals**

\$US/lb	18-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.61	+\$0.03	+1.3%	+2.9%	-0.1%	-11.6%
Nickel	\$6.69	-\$0.10	-1.4%	-4.2%	-2.4%	-13.7%
Zinc	\$1.04	-\$0.02	-2.0%	-0.7%	+3.0%	-8.2%
Aluminum	\$0.88	+\$0.00	0.0%	-2.2%	+1.1%	-12.0%
Uranium	\$38.40	+\$0.00	0.0%	+1.1%	+5.2%	-5.2%



**Agriculture & Other**

	18-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.92	-\$0.06	-1.4%	-0.4%	-1.4%
Wheat (\$US/bu)	\$5.24	-\$0.08	-1.5%	+0.0%	-3.0%
Soybeans (\$US/bu)	\$9.99	-\$0.13	-1.2%	+1.9%	+1.2%
Rough Rice (\$US/cwt)	\$11.11	+\$0.23	+2.1%	+4.7%	-3.6%
Sugar #11 (¢US/lb)	¢15.01	¢0.06	+0.4%	+2.7%	-6.1%
Lean Hogs (¢US/lb)	¢64.23	¢0.22	+0.4%	+0.6%	-14.0%
Live Cattle (¢US/lb)	¢152.63	¢1.90	+1.3%	+1.0%	+1.0%
Cotton No.2 (\$US/lb)	\$0.65	+\$0.01	+1.2%	+5.1%	+11.4%
Lumber (\$US/Mbft)	\$298.40	-\$3.00	-1.0%	-3.7%	-1.8%

**Commodity ETFs**

\$CAD	18-Feb	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$10.18	+\$0.16	+1.6%	+10.8%	+17.7%
HBP Nat Gas U	\$4.29	-\$0.06	-1.4%	+4.9%	-17.3%
iShares Gold ETF	\$10.79	+\$0.04	+0.4%	-1.7%	-3.7%
<b>\$USD</b>	<b>18-Feb</b>				
US Crude Oil	\$19.26	-\$0.53	-2.7%	1.69%	+5.4%
US Nat Gas	\$14.36	+\$0.17	+1.2%	4.66%	-13.9%
PSDB Agriculture	\$23.39	-\$0.16	-0.7%	0.26%	-4.0%
PSDB Base Metals	\$15.08	-\$0.09	-0.6%	-0.26%	+2.2%

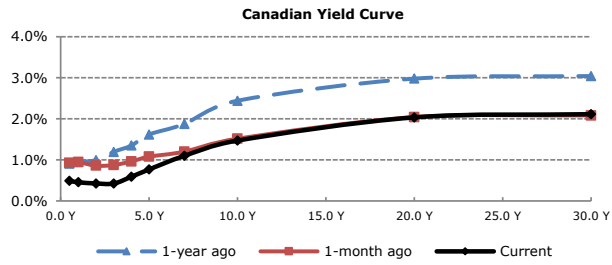
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Interest Rates

Canadian yield curve

Historical Levels

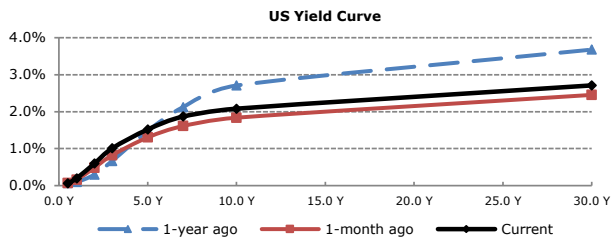
	18-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.52%	-	0.91%	0.90%	0.88%
6-mnth	0.49%	-	0.93%	0.93%	0.91%
12-mnth	0.46%	-0.01%	0.95%	0.97%	0.95%
2-year	0.43%	-0.03%	0.86%	1.05%	1.00%
5-year	0.77%	-0.03%	1.08%	1.52%	1.62%
10-year	1.47%	-0.03%	1.52%	2.02%	2.44%
20-year	2.04%	-0.01%	2.04%	2.54%	2.98%
30-year	2.11%	-0.02%	2.08%	2.57%	3.04%



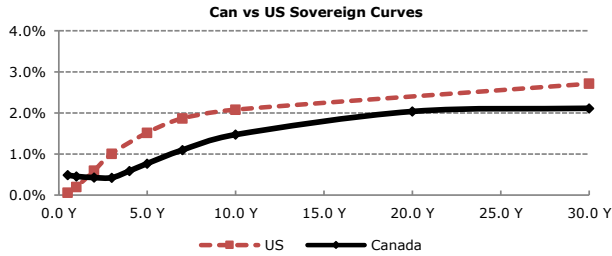
US yield curve

Historical Levels

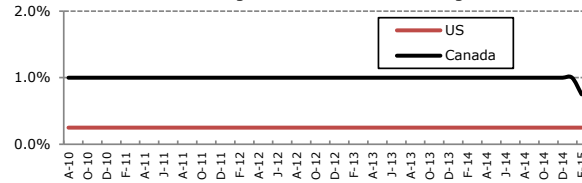
	18-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	+0.01%	0.02%	0.00%	0.02%
6-mnth	0.06%	-	0.07%	0.06%	0.07%
12-mnth	0.20%	-0.02%	0.16%	0.12%	0.10%
2-year	0.60%	-0.06%	0.48%	0.51%	0.30%
5-year	1.52%	-0.09%	1.30%	1.63%	1.48%
10-year	2.08%	-0.06%	1.84%	2.34%	2.71%
30-year	2.71%	-0.02%	2.45%	3.05%	3.68%



	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	0.20%



Cdn Overnight Rate & US Fed Funds Target



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Historical Levels

Spot	18-Feb	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.246	+0.007	1.194	1.129	1.095
EURUSD	\$1.140	-0.001	1.161	1.253	1.376
USDJPY	¥118.79	-0.460	117.56	116.29	102.36
GBPUSD	\$1.544	+0.008	1.511	1.567	1.668
AUDUSD	\$0.781	-0.001	0.821	0.875	0.903

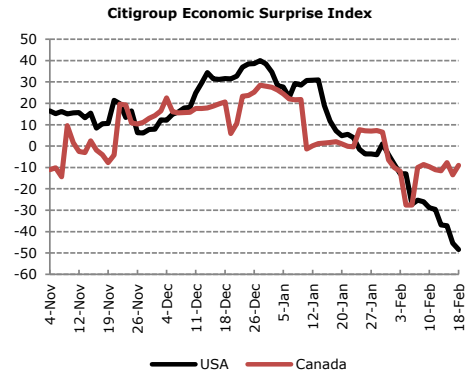
Historical Levels

Spot	18-Feb	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥95.37	-0.879	98.45	103.06	93.49
CADAUD	\$1.028	-0.005	1.020	1.012	1.012
GBPCAD	£1.923	+0.020	1.805	1.769	1.827
EURJPY	¥135.39	-0.690	136.45	145.67	140.83
EURAUD	\$1.46	-0.000	1.41	1.43	1.52

Economic Releases

United States

	Period	Survey	Actual	Prior
Wed, Feb 18	Industrial Production		0.3K	0.2K
Wed, Feb 18	Housing Starts		1070K	1065K
Thu, Feb 19	Leading Indicators		0.3%	--
Thu, Feb 19	Continuing Claims		2360K	--
Thu, Feb 19	Intial Jobless Claims		290K	--

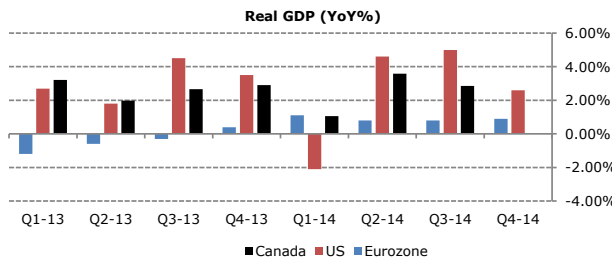


Canada

	Period	Survey	Actual	Prior
Fri, Feb 20	Retail Sales (MoM)		-0.4%	--

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%



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