

Today's Commentary

North American markets were down yesterday as energy shares declined with the price of oil, which lost \$0.98 to \$51.16. Wal-Mart slashed its sales outlook due to the stronger dollar, dragging shares down 3.2% and weighing on the Dow, as it lost 44.08 (0.24%) to 17,985.77, while the S&P 500 cut 2.23 (0.11%) to 2,097.45. The S&P energy index fell 0.8%, with Exxon Mobil losing 1.7%. The TSX also dipped 32.42 (0.21%) to 15,180.33 with four of its ten sectors falling. In contrast, the NASDAQ rose for the 7th day in a row, boosted by Priceline Group, which rose 8.5% due to better than expected quarterly earnings. The yield on US 10s rose 3bps to 2.11%, while Canadian 10s were unchanged at 1.47%.

Euro area finance ministers resume negotiations today on Greece's bailout agreement, as European markets have continued to act complacent in hopes of an eventual compromise. The Stoxx Europe 600 gained 0.3% while the benchmark Athens index rose 1%. A first Greek proposal for a six-month extension of its loan agreement with the EU/IMF was publicly rejected yesterday by German officials, yet the proposal marks an encouraging step forward in the negotiations. The letter sent by Greek Finance Minister Yanis Varoufakis was referred to as a 'Trojan Horse' by German delegates who concluded that it sought bridge financing without meeting the requirements of the original bailout programme, opening the door for potential shirking of Greece's commitments. A reported amicable conversation between Angela Merkel and Alexis Tsipras yesterday, along with fears of a Greek bank run, swayed markets towards the inclination that a possible deal could be on the horizon.

In its mission to seek annualized inflation of 2%, the Bank of Japan has been purchasing as much as \$100 billion in bonds a month, which is over 90% of government issued debt. The vast purchasing program has also increased Japanese government bonds (JGBs) volatility to its highest in almost a year, as a swing from a record low last month to a three month high is making investors wary. "Yields are at unprecedented levels and there's a risk of volatility climbing" said Kato, formerly a vice finance minister for international affairs in Japan. This is causing the yen to depreciate, falling to a seven year low last quarter when the BOJ expanded its stimulus, as investors seek safer bets elsewhere. Even as stimulus weakens the yen, strong export numbers are strengthening it by lowering Japan's current account deficit. The Bank looks poised to continue the program, but stands ready to alter its behaviour as other inflationary pressures, namely the price of oil, also change.

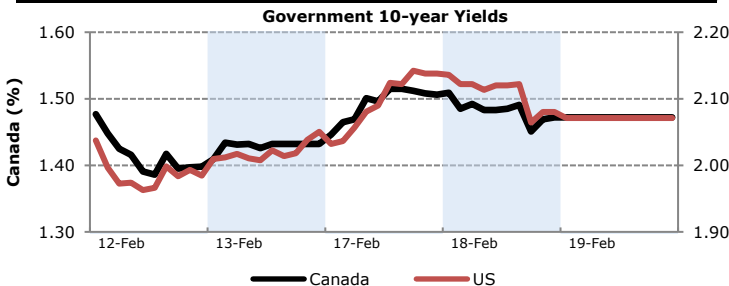
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

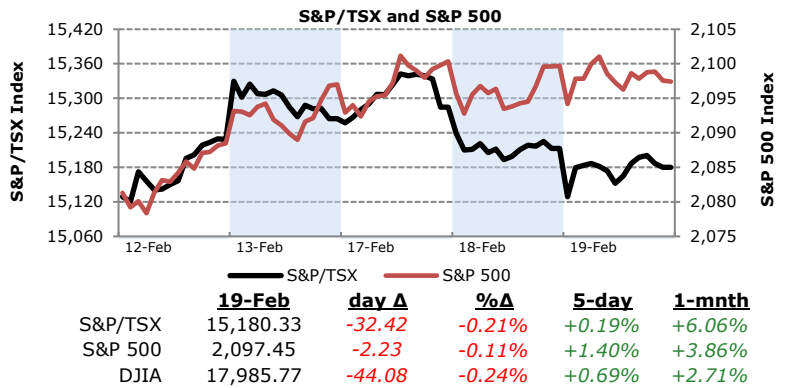
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
Retail Sales (MoM)	31-Dec	-0.4%	--	0.4%

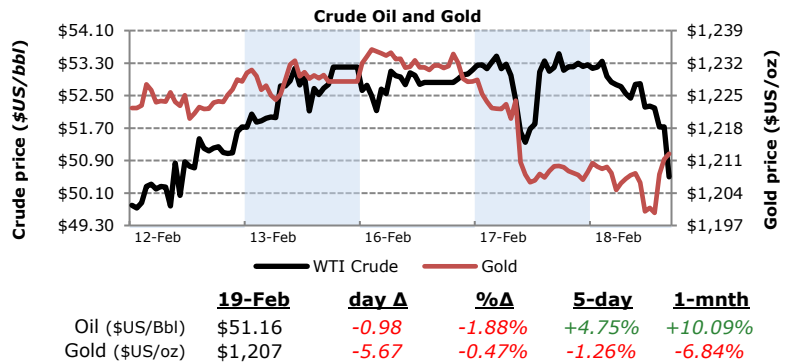
Interest Rates



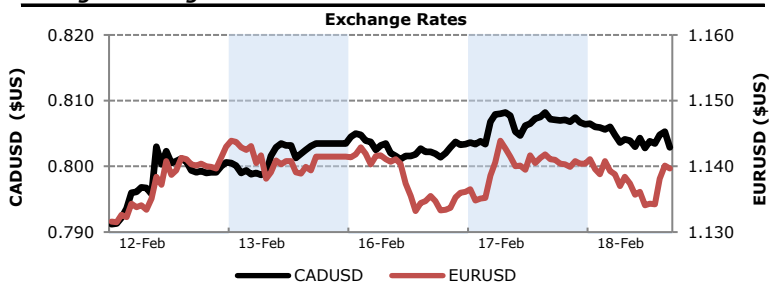
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	19-Feb	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.250		+0.004	1.263	1.211	1.108
EURUSD	\$1.137		-0.003	1.134	1.155	1.373
USDJPY	¥118.95		+0.160	120.460	118.82	102.31

Government 10-year Yields

	19-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.47%	-0.001%	1.49%	2.01%	2.44%
United States	2.11%	0.034%	1.79%	2.31%	2.74%

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>

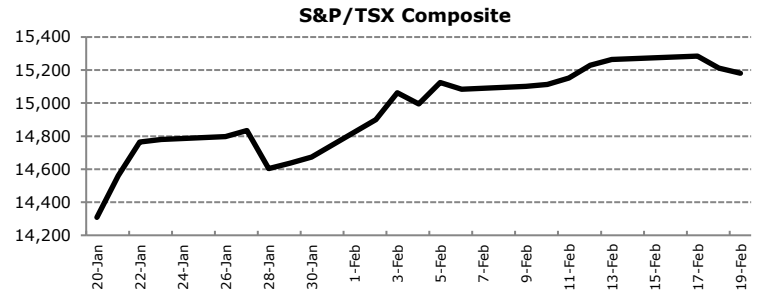
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	19-Feb	day Δ	%Δ
S&P/TSX	15,180.33	-32.42	-0.21%

	Trailing S&P/TSX	TSX 60
5-day	+0.19%	-0.14%
1-month	+6.06%	+6.14%
3-months	+1.34%	+1.45%
6-months	-1.92%	-0.51%
12-months	+7.51%	+9.16%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.33%	+1.81%	+6.54%	+31.84%
C. Staples	+0.69%	+0.41%	+7.06%	+47.63%
Energy	-0.40%	-0.81%	+8.82%	-18.50%
Financials	-0.01%	+0.42%	+5.94%	+7.45%
Healthcare	+0.21%	-0.14%	+7.51%	+15.06%
Info Tech	+0.36%	+0.61%	+9.13%	+37.73%
Industrials	-1.00%	-0.38%	+6.09%	+18.72%
Materials	-1.05%	+0.23%	+3.27%	-6.54%
Metals & Mining	-1.25%	+8.65%	+19.55%	-15.72%
Telecom	+0.08%	+0.40%	-3.48%	+10.15%
Utilities	-0.24%	-0.71%	-0.77%	+9.16%

TSX Top Performers

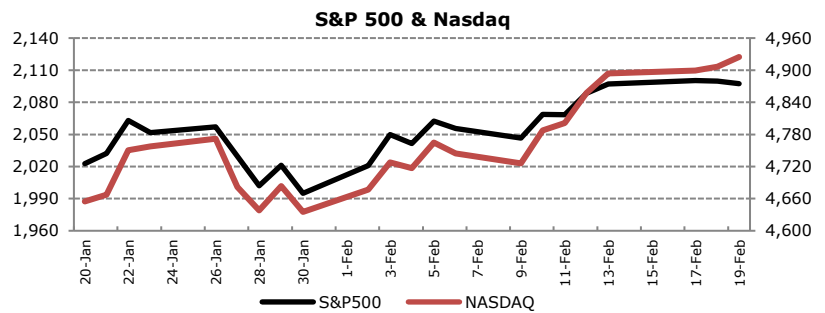
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Firstservice Corp		+6.04%	+7.54%	+21.23%	+54.18%
Trican Well Service Ltd		+5.47%	+9.39%	+1.82%	-60.10%
Barrick Gold Corp		+5.39%	+6.16%	+12.81%	-26.84%
Autocanada Inc		+3.54%	+10.43%	+17.61%	+15.77%
Black Diamond Group Ltd		+3.45%	+7.60%	+22.45%	-58.58%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Goldcorp Inc		-7.91%	-7.72%	-7.05%	-9.66%
SnC-Lavalin Group Inc		-7.05%	-7.91%	-3.19%	-14.05%
Pan American Silver Corp		-6.53%	-7.88%	+0.38%	-14.40%
Meg Energy Corp		-4.83%	+1.26%	+11.91%	-30.57%
Centerra Gold Inc		-4.43%	-8.76%	-14.14%	+21.46%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
19-Feb	2,097.45	17,985.77	4,924.70
1-day	-0.11%	-0.24%	+0.37%
5-day	+1.40%	+0.69%	+2.57%
1-month	+3.86%	+2.71%	+6.26%
3-months	+2.38%	+1.70%	+5.33%
6-months	+5.85%	+6.30%	+8.77%
12-months	+14.69%	+12.13%	+16.20%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.30%	+1.73%	+7.37%	+15.78%
C. Staples	-0.62%	-0.22%	+0.11%	+19.55%
Energy	-0.78%	+1.16%	+5.63%	-6.13%
Financials	-0.44%	+0.24%	+3.12%	+13.41%
Healthcare	+0.09%	+1.75%	+1.29%	+22.25%
Info Tech	+0.40%	+2.93%	+6.24%	+21.08%
Industrials	-0.01%	+2.01%	+5.11%	+12.63%
Materials	+0.27%	+3.23%	+7.99%	+12.35%
Telecom	-0.54%	-1.69%	+1.84%	+6.77%
Utilities	-1.09%	-0.97%	-6.48%	+13.73%

DJIA Top Performers

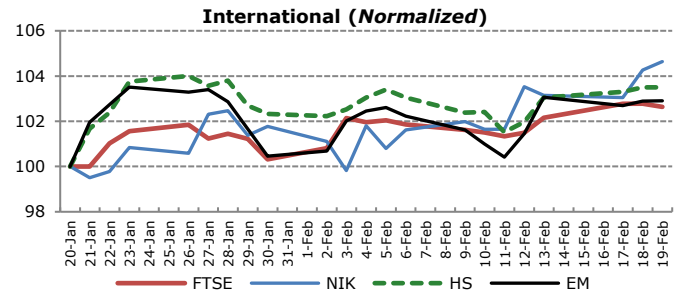
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Boeing Co/The		+1.71%	+3.94%	+17.56%	+19.75%
Intl Business Machines Co		+1.05%	+3.60%	+4.30%	-10.42%
Coca-Cola Co/The		+0.91%	-0.61%	-0.99%	+13.50%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Wal-Mart Stores Inc		-3.21%	-3.27%	-3.75%	+11.58%
Chevron Corp		-1.89%	-1.48%	+3.07%	-4.62%
Caterpillar Inc		-1.77%	-0.13%	-0.67%	-13.42%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,888.90	18,264.79	24,832.08	985.07
1-day	-0.13%	+0.36%	+0.19%	+0.01%
5-day	+0.89%	+1.59%	+2.13%	+2.48%
1-month	+4.61%	+7.35%	+3.02%	+2.88%
3-months	+2.87%	+5.65%	+5.54%	-0.49%
6-months	+1.62%	+18.22%	-0.49%	-9.16%
12-months	+1.36%	+23.69%	+9.94%	+2.71%



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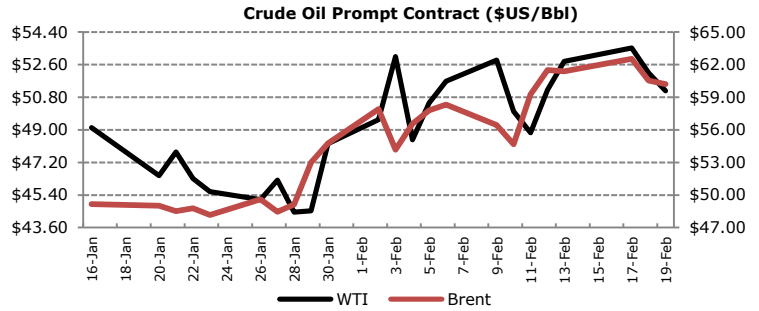
Nymex WTI Crude Oil

(\$US/Bbl)	19-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$51.16	-\$0.98	-1.88%	+4.75%	+10.09%
Cal 15	\$55.50	-\$0.96	-1.70%	+2.76%	+7.14%
Cal 16	\$61.31	-\$1.01	-1.62%	-0.19%	+5.04%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$54.90	\$62.00	\$70.00	\$72.00	\$73.00
Current Forward	\$53.02	\$56.44	\$58.47	\$59.84	\$61.31

Inventory Levels (as of Feb-13)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	425,644	+7,716	337,426	319,411
Motor Gas	243,132	+485	214,389	200,481
Distillates	127,409	-3,814	171,756	140,851

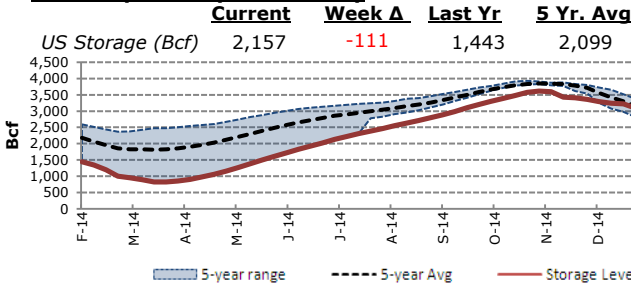


(\$US/Bbl)	19-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$60.21	-\$0.32	-0.53%	+1.57%	+22.80%

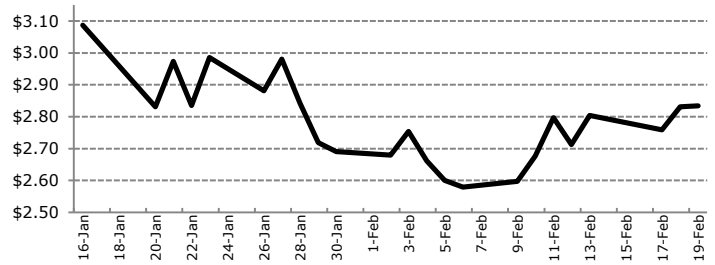
Nymex Natural Gas

(\$US/MMbtu)	19-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.83	+\$0.00	+0.11%	+1.32%	+0.11%
Apr15-Oct15	\$2.97	+\$0.02	+0.75%	+2.15%	+0.52%
Nov15-Mar16	\$3.29	+\$0.00	+0.07%	+0.59%	-1.83%
Apr16-Oct16	\$3.21	-\$0.01	-0.30%	-0.65%	-3.05%
Nov16-Mar17	\$3.56	-\$0.02	-0.44%	-0.82%	-1.88%

Inventory Levels (as of Feb-13)



Nat Gas Prompt (\$US/MMbtu)

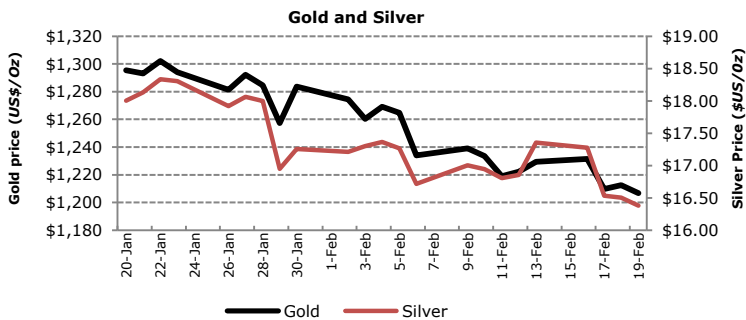


Alberta Natural Gas

(\$CAD/GJ)	19-Feb	day Δ	%Δ
AECO Mar-15	\$2.66	+\$0.06	+2.4%

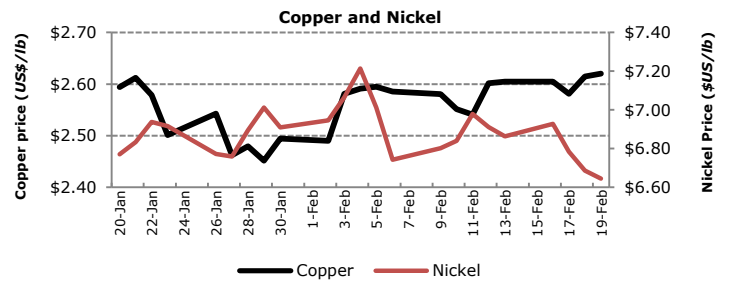
Precious Metals

\$US/oz	19-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,206.77	-\$5.67	-0.5%	-1.3%	-6.8%	+0.7%
Silver	\$16.38	-\$0.12	-0.7%	-2.8%	-9.0%	-0.8%
Platinum	\$1,172	-\$3.05	-0.3%	-2.3%	-8.6%	-4.5%



Industrial Metals

\$US/lb	19-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.62	+\$0.01	+0.2%	+0.7%	+1.0%	-11.5%
Nickel	\$6.65	-\$0.04	-0.6%	-3.8%	-1.8%	-13.8%
Zinc	\$1.03	-\$0.01	-1.0%	-1.3%	+0.6%	-8.6%
Aluminum	\$0.88	+\$0.00	0.0%	0.0%	-1.1%	-12.9%
Uranium	\$38.40	+\$0.00	0.0%	+1.7%	+5.2%	-4.0%



Agriculture & Other

	19-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.98	+\$0.06	+1.5%	+1.7%	+0.5%
Wheat (\$US/bu)	\$5.20	-\$0.04	-0.8%	-0.0%	-3.8%
Soybeans (\$US/bu)	\$10.11	+\$0.12	+1.2%	+2.5%	+2.2%
Rough Rice (\$US/cwt)	\$11.03	-\$0.08	-0.7%	+4.4%	-5.1%
Sugar #11 (¢US/lb)	¢14.64	¢0.37	+2.5%	+1.8%	+9.1%
Lean Hogs (¢US/lb)	¢67.05	¢2.83	+4.4%	+4.0%	+9.7%
Live Cattle (¢US/lb)	¢151.50	¢1.13	+0.7%	+0.2%	+0.2%
Cotton No.2 (\$US/lb)	\$0.65	-\$0.01	-1.0%	+3.0%	+9.9%
Lumber (\$US/Mbft)	\$296.40	-\$2.00	-0.7%	-3.8%	-4.2%

Commodity ETFs

	19-Feb	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$9.31	-\$0.87	-8.5%	+5.9%	+14.5%
HBP Nat Gas U	\$4.52	+\$0.23	+5.4%	+0.7%	-5.4%
iShares Gold ETF	\$10.76	-\$0.03	-0.3%	-0.8%	-6.6%
\$USD					
US Crude Oil	\$19.10	-\$0.16	-0.8%	3.19%	+4.2%
US Nat Gas	\$14.45	+\$0.09	+0.6%	0.35%	-7.9%
PSDB Agriculture	\$23.35	-\$0.04	-0.2%	0.52%	-3.4%
PSDB Base Metals	\$15.03	-\$0.05	-0.3%	0.13%	-1.6%

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Interest Rates

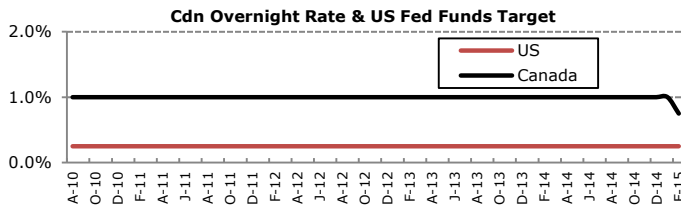
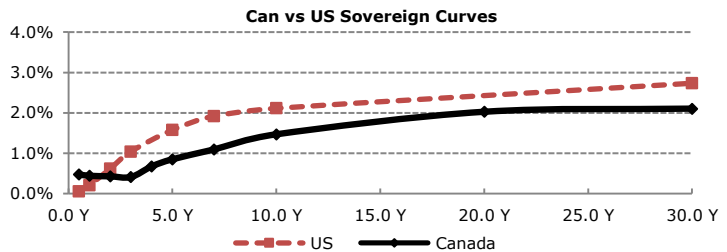
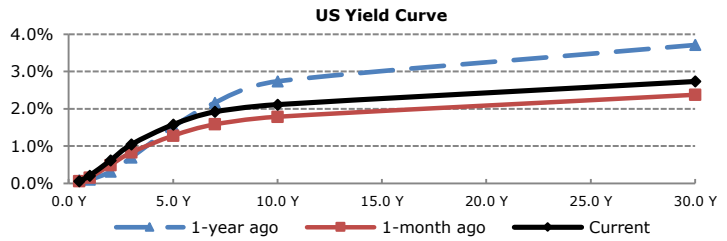
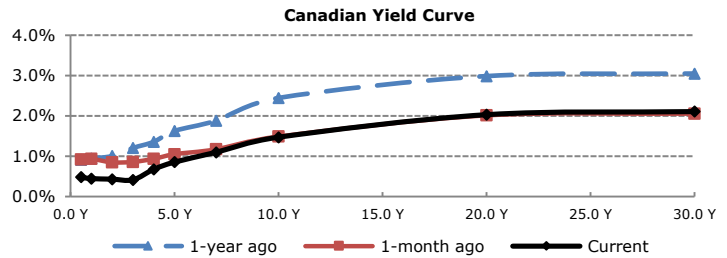
Canadian yield curve

	19-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.50%	-	0.91%	0.91%	0.87%
6-mnth	0.48%	-	0.92%	0.93%	0.91%
12-mnth	0.44%	-0.01%	0.94%	0.98%	0.95%
2-year	0.43%	+0.00%	0.85%	1.07%	1.00%
5-year	0.85%	+0.08%	1.05%	1.51%	1.63%
10-year	1.47%	-0.00%	1.49%	2.01%	2.44%
20-year	2.03%	-0.01%	2.01%	2.53%	2.99%
30-year	2.11%	-0.01%	2.05%	2.55%	3.05%

US yield curve

	19-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-	0.01%	0.01%	0.05%
6-mnth	0.06%	-	0.06%	0.06%	0.08%
12-mnth	0.21%	+0.01%	0.16%	0.12%	0.10%
2-year	0.62%	+0.02%	0.49%	0.50%	0.31%
5-year	1.58%	+0.06%	1.28%	1.61%	1.52%
10-year	2.11%	+0.03%	1.79%	2.31%	2.74%
30-year	2.73%	+0.02%	2.38%	3.02%	3.71%

	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%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	19-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.250	+0.004	1.211	1.131	1.108
EURUSD	\$1.137	-0.003	1.155	1.245	1.373
USDJPY	¥118.95	+0.160	118.82	116.65	102.31
GBPUSD	\$1.541	-0.002	1.515	1.564	1.668
AUDUSD	\$0.779	-0.002	0.817	0.871	0.900

Spot	19-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥95.19	-0.189	98.09	103.15	92.34
CADAUD	\$1.027	-0.001	1.010	1.015	1.003
GBPCAD	£1.926	+0.004	1.835	1.769	1.848
EURJPY	¥135.22	-0.170	137.24	145.22	140.51
EURAUD	\$1.46	-0.000	1.41	1.43	1.53

Economic Releases

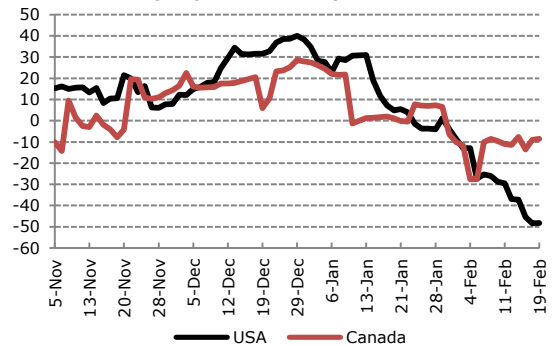
United States

		Period	Survey	Actual	Prior
Wed, Feb 18	Industrial Production	31-Jan	0.3K	0.2K	-0.1K
Wed, Feb 18	Housing Starts	31-Jan	1070K	1065K	1089K
Thu, Feb 19	Leading Indicators	31-Jan	0.3%	0.2%	0.5%
Thu, Feb 19	Continuing Claims	7-Feb	2360K	2425K	2354K
Thu, Feb 19	Intial Jobless Claims	14-Feb	290K	283K	304K

Canada

		Period	Survey	Actual	Prior
Fri, Feb 20	Retail Sales (MoM)	31-Dec	-0.4%	--	0.4%

Citigroup Economic Surprise Index

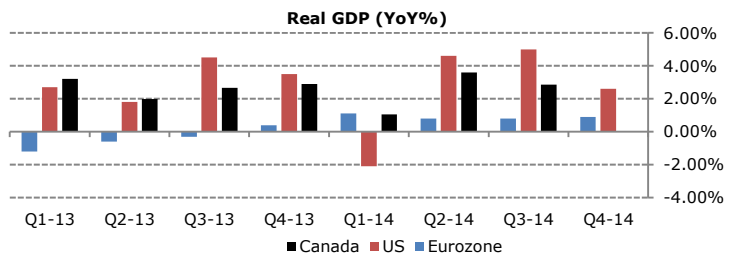


Economics

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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