

Today's Commentary

It was a mixed day for North American markets as a nine-month low in existing homes sales and speculation in oil triggered a selloff in homebuilding and energy stocks respectively. Trading volume was also down, with American indices trading at 14% below the 3-month average, and the TSX 24% below its 30-day average. The Dow dipped 23.60 (0.13%) to 18,116.84, while the S&P 500 shed 0.64 (0.03%) closing the day at 2,109.66. The TSX broke three straight days of losses, rising 28.02 (0.18%) to 15,200.26, even as WTI dropped 2.68% to \$49.45 a barrel amid speculation of increased supply due to a revived pipeline in Libya. The rise came in part due to a 15% jump in Valeant, as it closed a \$10.1 billion deal to purchase Salix Pharmaceuticals. Yields on US 10s fell 5bps to 2.06%, and Canadian 10s lost 6bps to 1.36% as investors sought safety from the negative economic data and volatile oil.

Fed chairwoman Janet Yellen will begin a two day semi-annual briefing tomorrow, to testify in front of the Senate Committee regarding the health of the US economy and prospects for monetary policy going forward. Investors are searching for more clarity as to the timing of the rate liftoff, particularly in light of the recent FOMC minutes from January's meeting which were more dovish than anticipated. The US economy has made strong inroads in terms of the labour market and the benefits from lower energy prices have better positioned the nation for accelerating growth as compared to a year ago. Risks from slow global growth, a strong US dollar, and still muted inflation have seen many analysts postponing their base case scenario for the first rate hike from June to September. However, more hawkish language could be in the cards from Yellen, as the convincing January jobs report could leave a June rate rise on the table.

Yesterday, in an attempt to calm the currency market and prevent Ukraine from running out of foreign currency, the Ukrainian central bank decided to tighten capital controls. The central bank has banned Ukraine's banks from lending money to clients to buy foreign currency and limits have been set on the amount of foreign currency available to importers. This comes less than two weeks after the IMF pledged a \$17.5 billion bailout, but despite this, Ukraine hasn't seen an injection of money from the IMF since September 3rd. From October to January, Ukraine has lost 61% of its reserves. The currency has fallen from 9 hryvnia per USD a year ago, hitting 30 hryvnia per USD on Monday. The economy is expected to contract by 5.5% this year. According to Richard Segal, head of emerging-markets credit strategy at Jefferies International Ltd., "Aid can't come fast enough...The way things are going, the central bank may need to declare a moratorium on money leaving the country, perhaps through an interruption in debt servicing as Argentina did."

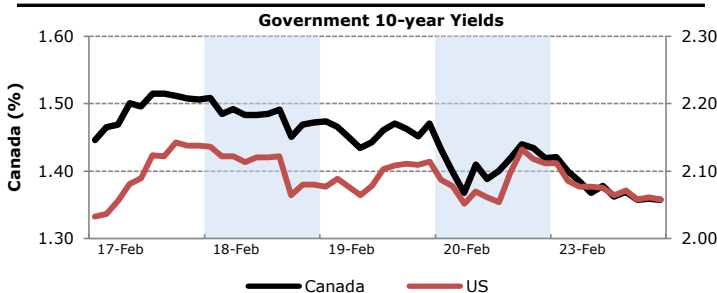
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

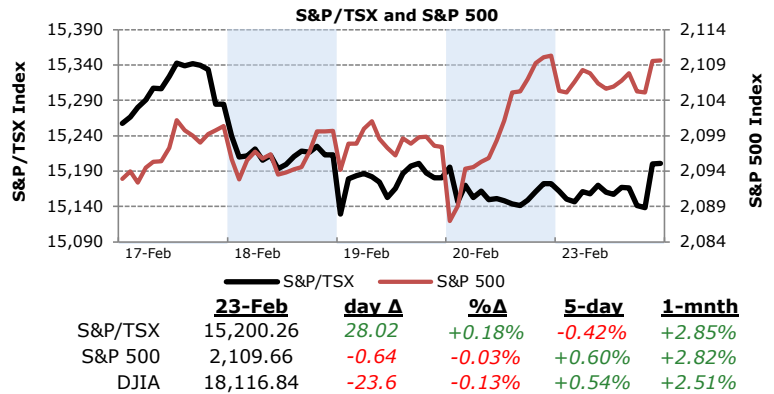
United States	Period	Survey	Actual	Prior
Consumer Confidence		99.5	--	102.9
New Home Sales		470K	--	481K
Durable Goods Orders		1.6%	--	-3.4%

Canada	Period	Survey	Actual	Prior
None Scheduled				

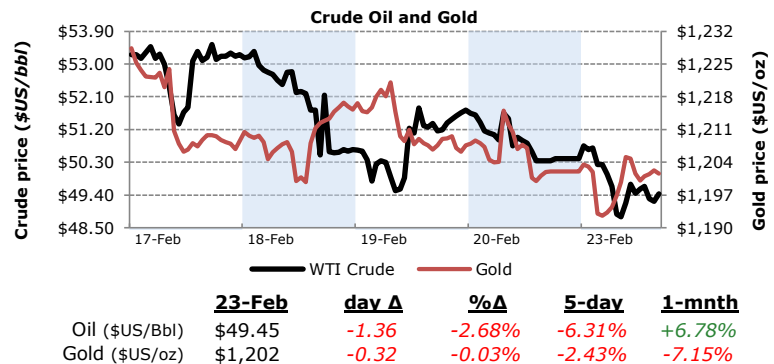
Interest Rates



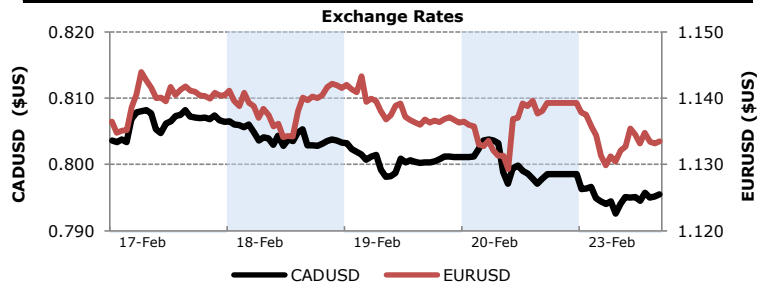
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	23-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.257	+0.004	1.245	1.238	1.111
EURUSD	\$1.134	-0.005	1.139	1.137	1.375
USDJPY	¥118.81	-0.220	118.750	118.49	102.51

Government 10-year Yields

	23-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.36%	-0.062%	1.45%	1.94%	2.52%
United States	2.06%	-0.054%	1.80%	2.26%	2.73%

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.

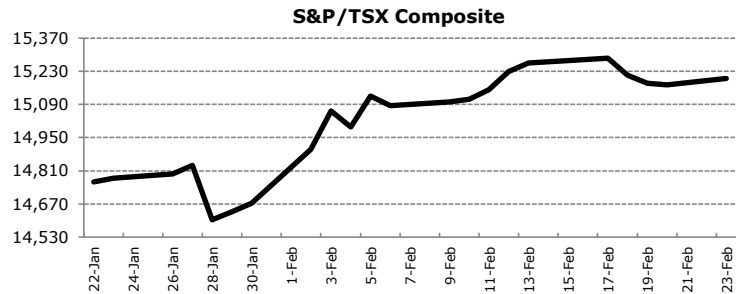
<http://www.rotmanfinanceassociation.com>

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	23-Feb	day Δ	%Δ
S&P/TSX	15,200.26	28.02	+0.18%
Trailing S&P/TSX			
5-day	-0.42%	-0.21%	
1-month	+2.85%	+2.78%	
3-months	+0.59%	+1.10%	
6-months	-2.16%	-0.49%	
12-months	+7.00%	+9.00%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.55%	+2.74%	+4.83%	+33.56%
C. Staples	+0.11%	+2.41%	+4.78%	+46.24%
Energy	-0.63%	-4.24%	+4.47%	-19.63%
Financials	-1.01%	-2.02%	+1.35%	+5.38%
Healthcare	+5.28%	+6.88%	+9.75%	+22.93%
Info Tech	+1.66%	+1.97%	+7.91%	+39.01%
Industrials	-0.55%	-0.54%	+2.78%	+17.40%
Materials	-0.05%	-1.52%	+0.22%	-9.26%
Metals & Mining	-1.63%	-0.77%	+13.58%	-17.83%
Telecom	-0.36%	+0.73%	-3.18%	+9.23%
Utilities	+0.39%	+1.70%	+0.17%	+11.94%

TSX Top Performers

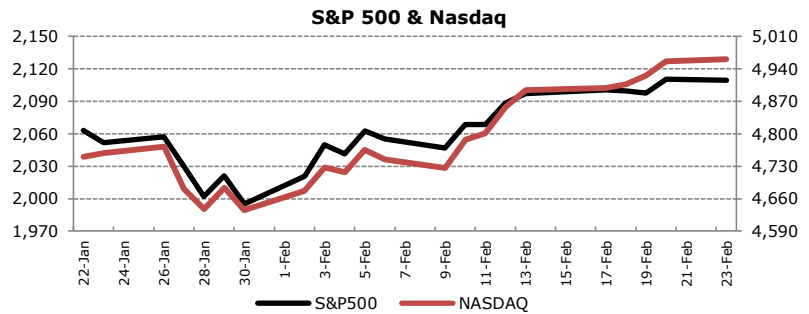
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Valeant Pharmaceuticals I	+15.05%	+20.28%	+26.17%	+53.62%
Cgi Group Inc - Class A	+6.16%	+6.22%	+14.82%	+51.95%
Primero Mining Corp	+3.75%	+0.00%	-19.10%	-44.22%
Wajax Corp	+3.02%	+1.37%	+3.14%	-29.67%
Eldorado Gold Corp	+2.93%	+8.46%	-5.26%	-16.21%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Lightstream Resources Ltd	-10.29%	-24.22%	+41.86%	-80.79%
Penn West Petroleum Ltd	-6.41%	-13.49%	+38.42%	-70.22%
Enerplus Corp	-6.21%	-12.54%	+10.73%	-40.95%
Western Forest Products I	-5.91%	-16.79%	-11.86%	-16.17%
Capstone Mining Corp	-5.88%	-9.22%	+4.07%	-57.19%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
23-Feb	2,109.66	18,116.84	4,960.97
1-day	-0.03%	-0.13%	+0.10%
5-day	+0.60%	+0.54%	+1.37%
1-month	+2.82%	+2.51%	+4.27%
3-months	+2.24%	+1.72%	+5.26%
6-months	+6.10%	+6.56%	+9.31%
12-months	+14.89%	+12.50%	+16.36%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.06%	+0.71%	+6.30%	+15.72%
C. Staples	+0.27%	+0.38%	+0.01%	+19.86%
Energy	-0.42%	-2.78%	+3.22%	-6.86%
Financials	-0.36%	-0.25%	+2.34%	+13.61%
Healthcare	+0.35%	+2.29%	+1.84%	+23.12%
Info Tech	+0.16%	+1.34%	+3.85%	+22.08%
Industrials	-0.40%	+1.18%	+3.22%	+12.35%
Materials	-0.16%	+0.82%	+7.40%	+11.57%
Telecom	-0.58%	-1.92%	+2.48%	+5.63%
Utilities	+0.67%	+1.87%	-6.85%	+13.45%

DJIA Top Performers

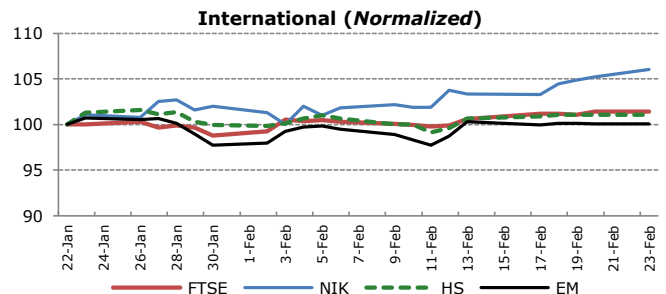
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Unitedhealth Group Inc	+3.36%	+6.36%	+3.93%	+57.70%
Du Pont (E.I.) De Nemours	+1.03%	+1.68%	+4.97%	+19.41%
Microsoft Corp	+0.67%	+0.64%	-6.42%	+16.25%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Boeing Co/The	-2.26%	+3.35%	+14.95%	+20.63%
Intel Corp	-1.89%	-1.75%	-7.37%	+38.25%
Caterpillar Inc	-1.13%	-1.93%	-2.48%	-14.37%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,912.16	18,466.92	24,836.76	984.42
1-day	-0.04%	+0.73%	+0.02%	+0.00%
5-day	+0.80%	+2.57%	+1.70%	-0.23%
1-month	+1.16%	+5.45%	-0.06%	+0.00%
3-months	+2.39%	+6.39%	+5.97%	-1.34%
6-months	+2.02%	+18.84%	-1.10%	-8.51%
12-months	+1.08%	+24.23%	+10.05%	+3.30%



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Nymex WTI Crude Oil

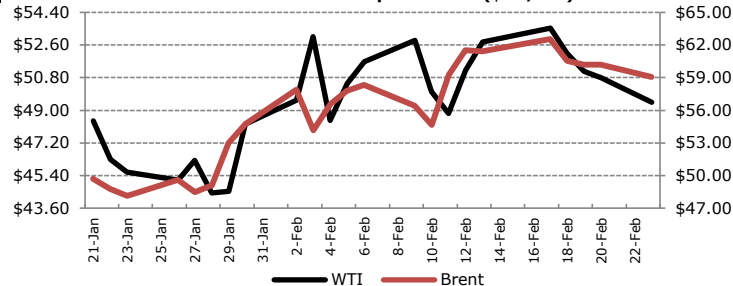
(\$US/Bbl)	23-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$49.45	-\$1.36	-2.68%	-6.31%	+6.78%
Cal 15	\$54.74	-\$0.71	-1.28%	-5.78%	+3.78%
Cal 16	\$61.39	+\$0.02	+0.04%	-3.17%	+5.22%

(\$US/bbl)	Q3-15	Q4-15	Q1-16	Q2-16	2016
Consensus Forecast	\$62.00	\$70.00	\$72.00	\$71.00	\$73.00
Current Forward	\$55.30	\$57.92	\$59.65	\$61.04	\$61.39

Inventory Levels (as of Feb-13)

(Mbbbls)	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

Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

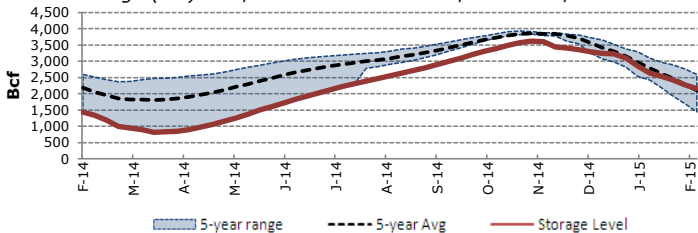
(\$US/Bbl)	23-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$59.07	-\$1.15	-1.95%	-3.79%	+21.07%

Nymex Natural Gas

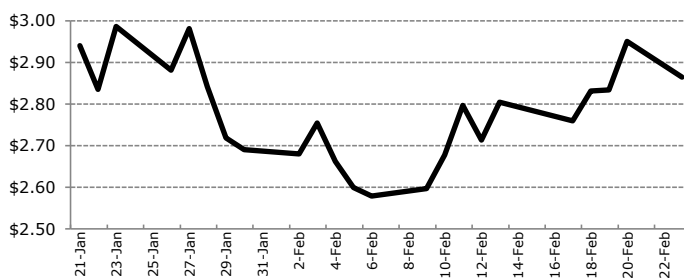
(\$US/MMbtu)	23-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.87	-\$0.09	-2.91%	+2.18%	+1.06%
Apr15-Oct15	\$2.97	-\$0.08	-2.62%	+1.96%	-0.12%
Nov15-Mar16	\$3.27	-\$0.07	-2.00%	-0.43%	-2.38%
Apr16-Oct16	\$3.18	-\$0.05	-1.65%	-1.66%	-3.95%
Nov16-Mar17	\$3.53	-\$0.05	-1.27%	-1.92%	-2.69%

Inventory Levels (as of Feb-13)

	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	2,157	-111	1,443	2,099



Nat Gas Prompt (\$US/MMbtu)



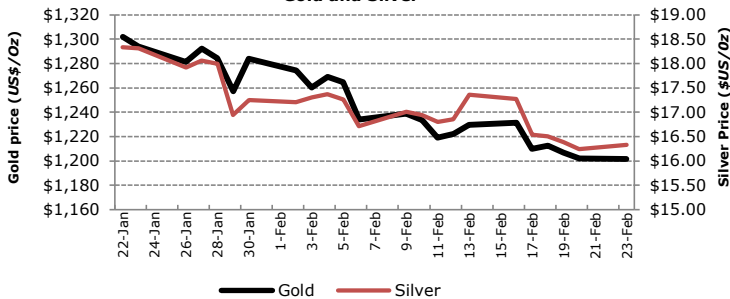
Alberta Natural Gas

(\$CAD/GJ)	23-Feb	day Δ	%Δ
AECO Mar-15	\$2.67	-\$0.13	-4.6%

Precious Metals

\$US/oz	23-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,201.63	-\$0.32	-0.0%	-2.4%	-7.1%	+2.9%
Silver	\$16.33	+\$0.09	+0.6%	-5.5%	-10.8%	+5.6%
Platinum	\$1,164	-\$1.80	-0.2%	-3.5%	-8.2%	-3.2%

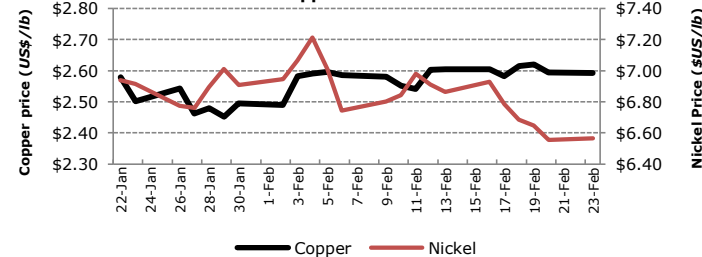
Gold and Silver



Industrial Metals

\$US/lb	23-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.59	-\$0.00	-0.1%	-0.5%	+3.6%	-9.4%
Nickel	\$6.57	+\$0.01	+0.2%	-5.2%	-5.1%	-14.2%
Zinc	\$1.01	-\$0.01	-1.2%	-4.5%	-4.2%	-9.4%
Aluminum	\$0.88	+\$0.00	0.0%	-1.1%	-3.3%	-12.9%
Uranium	\$38.50	+\$0.10	+0.3%	+1.3%	+4.1%	-3.8%

Copper and Nickel



Agriculture & Other

	23-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.87	-\$0.06	-1.6%	-2.2%	-2.2%
Wheat (\$US/bu)	\$5.04	-\$0.03	-0.6%	-4.8%	-5.4%
Soybeans (\$US/bu)	\$10.02	-\$0.01	-0.1%	+0.7%	+2.2%
Rough Rice (\$US/cwt)	\$10.72	-\$0.32	-2.9%	-0.4%	-4.9%
Sugar #11 (¢US/lb)	\$14.13	-\$0.19	-1.3%	-4.8%	-8.8%
Lean Hogs (¢US/lb)	¢68.33	¢0.92	+1.4%	+3.5%	-3.3%
Live Cattle (¢US/lb)	¢147.10	¢1.43	-1.0%	-4.0%	-1.1%
Cotton No.2 (\$US/lb)	\$0.64	-\$0.00	-0.7%	+1.4%	+10.3%
Lumber (\$US/Mbft)	\$297.80	+\$1.80	+0.6%	-3.5%	-4.6%

Commodity ETFs

\$CAD	23-Feb	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$8.35	-\$0.54	-6.1%	-15.2%	+3.5%
HBP Nat Gas U	\$4.61	-\$0.28	-5.7%	+6.0%	-1.3%
iShares Gold ETF	\$10.70	+\$0.01	+0.1%	-2.1%	-8.0%

\$USD	23-Feb	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$18.11	-\$0.54	-2.9%	-7.70%	+4.0%
US Nat Gas	\$14.59	-\$0.44	-2.9%	2.60%	+0.3%
PSDB Agriculture	\$22.98	-\$0.17	-0.7%	-2.50%	-3.2%
PSDB Base Metals	\$14.84	-\$0.05	-0.4%	-2.75%	-3.2%

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Interest Rates

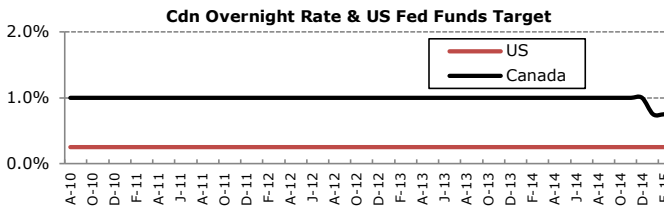
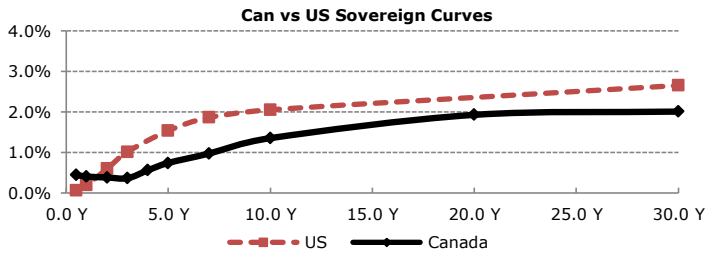
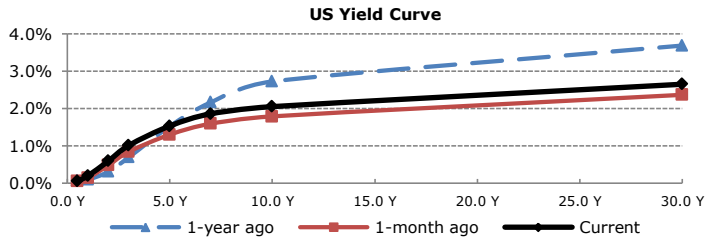
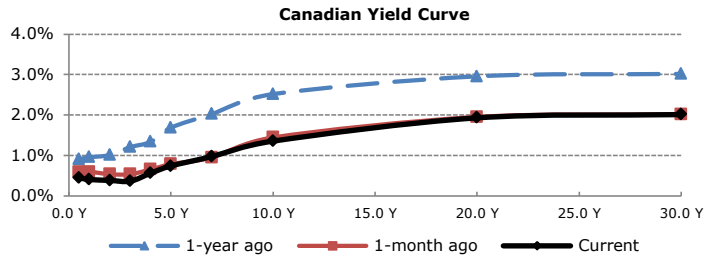
Canadian yield curve

	23-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.48%	-	0.60%	0.91%	0.86%
6-mnth	0.45%	-	0.60%	0.92%	0.91%
12-mnth	0.41%	-	0.60%	0.98%	0.96%
2-year	0.39%	-0.01%	0.54%	1.05%	1.01%
5-year	0.74%	-0.04%	0.79%	1.47%	1.69%
10-year	1.36%	-0.06%	1.45%	1.94%	2.52%
20-year	1.93%	-0.05%	1.96%	2.46%	2.96%
30-year	2.01%	-0.05%	2.02%	2.49%	3.02%

US yield curve

	23-Feb	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-	0.02%	0.02%	0.04%
6-mnth	0.07%	+0.01%	0.07%	0.07%	0.08%
12-mnth	0.20%	-0.01%	0.15%	0.12%	0.10%
2-year	0.60%	-0.03%	0.49%	0.52%	0.31%
5-year	1.54%	-0.04%	1.31%	1.57%	1.53%
10-year	2.06%	-0.05%	1.80%	2.26%	2.73%
30-year	2.66%	-0.06%	2.37%	2.96%	3.69%

	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)

<i>Spot</i>	23-Feb	day Δ	<i>Historical Levels</i>			<i>Spot</i>	23-Feb	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.257	+0.004	1.238	1.134	1.111	CADJPY	¥94.51	-0.498	95.70	104.02	92.26
EURUSD	\$1.134	-0.005	1.137	1.255	1.375	CADAUD	\$1.019	+0.002	1.006	1.023	1.003
USDJPY	¥118.81	-0.220	118.49	117.97	102.51	GBPCAD	£1.943	+0.013	1.859	1.779	1.846
GBPUSD	\$1.546	+0.006	1.501	1.568	1.662	EURJPY	¥134.67	-0.840	134.67	148.09	140.90
AUDUSD	\$0.780	-0.004	0.803	0.862	0.898	EURAUD	\$1.45	+0.002	1.42	1.46	1.53

Economic Releases

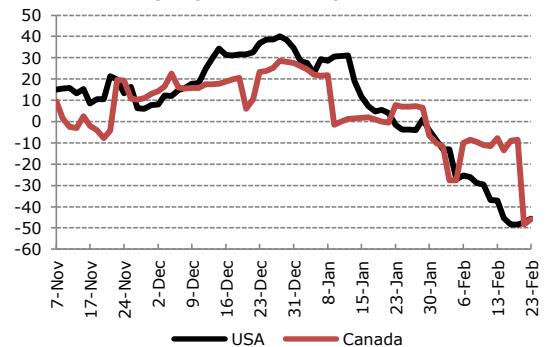
United States

		Period	Survey	Actual	Prior
Mon, Feb 23	Existing Home Sales		4.95M	4.82M	5.04M
Tue, Feb 24	Consumer Confidence		99.5	--	102.9
Wed, Feb 25	New Home Sales		470K	--	481K
Thu, Feb 26	Durable Goods Orders		1.6%	--	-3.4%
Thu, Feb 26	Continuing Claims		2395K	--	2425K
Thu, Feb 26	Intial Jobless Claims		290K	--	304K
Thu, Feb 26	Consumer Price Index (MoM)		-0.6%	--	-0.4%

Canada

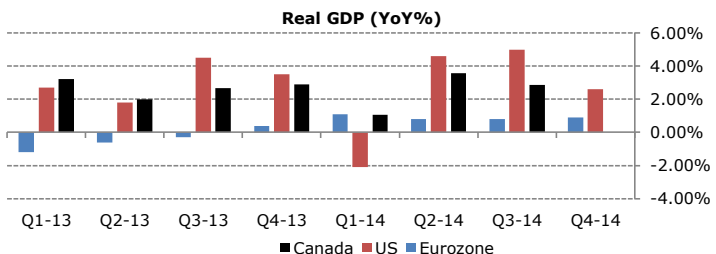
		Period	Survey	Actual	Prior
Thu, Feb 26	BOC CPI Core (YoY)		2.1%	--	2.2%
Thu, Feb 26	Consumer Price Index		0.8%	--	1.5%

Citigroup Economic Surprise Index



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%



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