

Today's Commentary

US markets ended Wednesday with little movement as losses for Apple Inc. and Hewlett-Packard were offset by gains in the retail sector. Apple Inc. lost 2.6% amid a patent infringement ruling, while HP tumbled 9.9% after posting weaker than expected quarterly revenue numbers. Data on US homes sales released yesterday suggested the housing market has begun to stabilize, while oil prices jumped 3.47% to \$50.99, ending a 5 day slump. The Dow gained 15.38 (0.08%) to 18,224.57, while the S&P 500 lost 1.62 (0.08%) to 2,113.86. In contrast, Canadian markets closed the day in the green. The TSX added 63.60 (0.42%) to 15,228.57, as the Hudson's Bay Co. climbed 20% and the Royal Bank of Canada rose 3.8% after beating earnings estimates. The yield on US 10s fell 1bps to 1.96%, while the yield on Canadian 10s remained unchanged at 1.33%.

In testimony to the US congress on Tuesday and the House Financial Services Committee Wednesday, Federal Reserve Chair Janet Yellen indicated that the Fed may drop the word "patient" from its vocabulary regarding the timing of an increase in the Federal funds rate. However she also stated that a rate increase was not likely for at least the next two meetings of the FOMC. The Fed feels that the US economy is solid, as wages are beginning to show growth and the job market continues to improve, although low inflation due to depressed oil prices is still a concern. "With an improving labour market we expect inflation in the medium term to move to our 2 percent target," she stated yesterday, though the Fed needs to be "reasonably confident" that inflation is headed in the right direction before a hike.

Emerging market investors are bracing for a nail-biting end of the week in India, as the Modi government presents the nation's annual budget this coming Saturday. India has seen some of the largest inflows among emerging market economies this year, with a total of \$3.41 billion USD in shares bought by foreigners to date. The optimism in markets comes on the back of investor hopes India will surpass China as the fastest growing large economy in the world, and that the business-friendly government at the helm will implement necessary growth enhancing reforms. On the fiscal side, investors are looking for the government to make good on its promise to shrink the deficit to 3.6% of GDP, while also spending on key areas such as infrastructure and helping to better capitalize state-run banks. With a large run up in stocks last year and benchmark indexes up 5.5% year to date, it appears that more downside risks could exist in the near term should the government fail to meet heightened expectations.

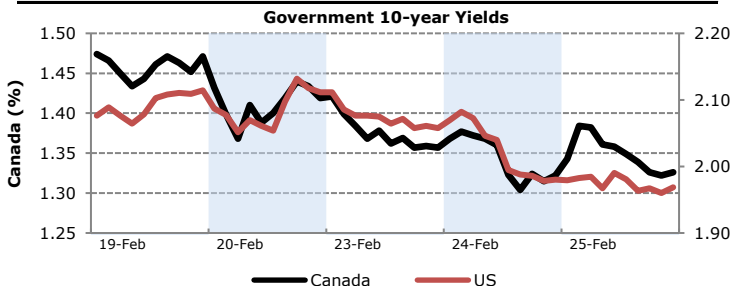
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

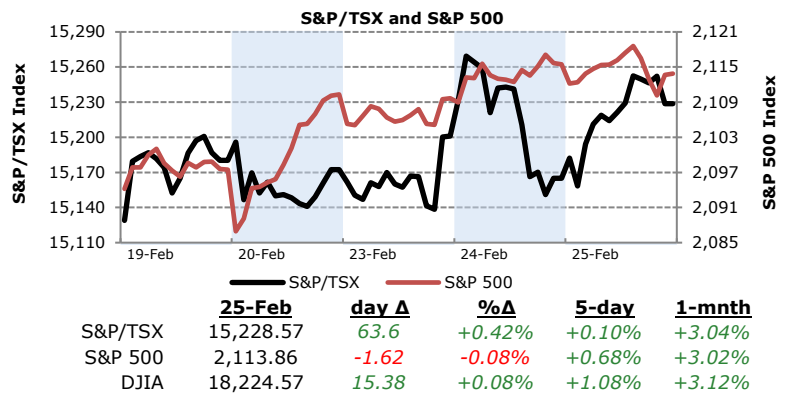
United States	Period	Survey	Actual	Prior
Durable Goods Orders		1.6%	--	-3.4%
Continuing Claims		2394K	--	2425K
Intial Jobless Claims		290K	--	304K

Canada	Period	Survey	Actual	Prior
BOC CPI Core (YoY)		2.1%	--	2.2%
Consumer Price Index		0.8%	--	1.5%

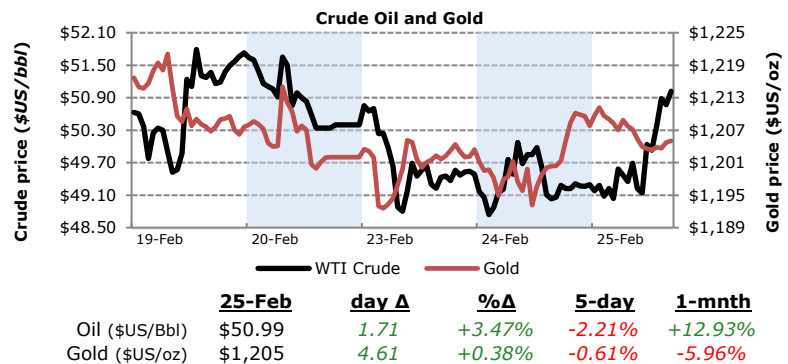
Interest Rates



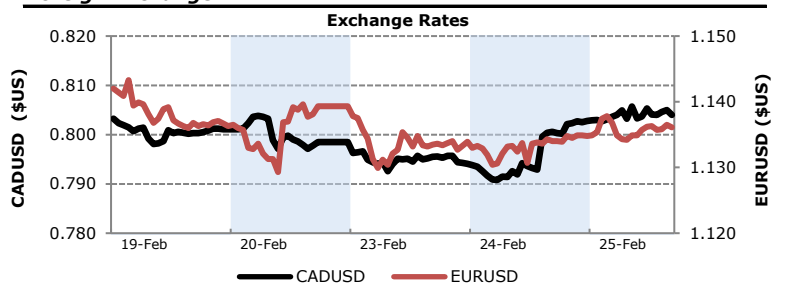
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	25-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.244	-0.005	1.246	1.247	1.109
EURUSD	\$1.136	+0.002	1.140	1.124	1.375
USDJPY	¥118.86	-0.110	118.790	118.46	102.24

Government 10-year Yields

	25-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.33%	0.004%	1.47%	1.90%	2.49%
United States	1.97%	-0.011%	1.82%	2.24%	2.70%

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/>



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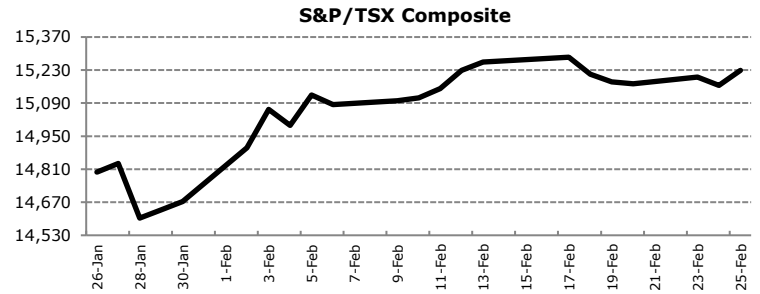
Rotman Finance Association



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>

	25-Feb	day Δ	%Δ
S&P/TSX	15,228.57	63.6	+0.42%
Trailing S&P/TSX			
5-day		+0.10%	+0.35%
1-month		+3.04%	+2.92%
3-months		+1.03%	+1.38%
6-months		-2.37%	-0.88%
12-months		+7.33%	+9.25%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+1.94%	+2.96%	+6.19%	+35.56%
C. Staples	-1.25%	+1.75%	+4.71%	+45.78%
Energy	+0.75%	-1.24%	+4.94%	-19.45%
Financials	+1.26%	-0.73%	+2.39%	+6.55%
Healthcare	-1.49%	+6.20%	+8.49%	+20.75%
Info Tech	+0.40%	+1.79%	+7.13%	+37.39%
Industrials	+0.32%	-1.13%	+3.14%	+17.54%
Materials	+0.62%	-0.26%	+1.16%	-7.32%
Metals & Mining	+0.23%	+0.17%	+17.75%	-13.22%
Telecom	-0.10%	-0.78%	-4.19%	+8.21%
Utilities	-0.92%	-0.34%	-1.40%	+10.21%

TSX Top Performers

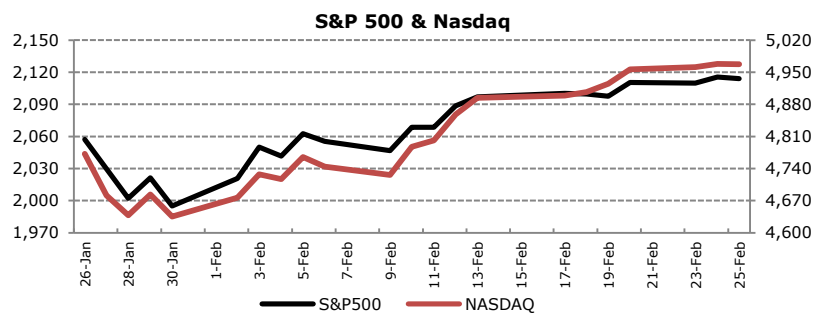
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Hudson'S Bay Co	+19.74%	+15.52%	+11.45%	+67.44%
Penn West Petroleum Ltd	+8.80%	-8.42%	+43.16%	-66.73%
Lightstream Resources Ltd	+7.44%	-12.16%	+51.16%	-78.00%
Magna International Inc	+7.04%	+6.04%	+14.67%	+44.95%
Surge Energy Inc	+6.92%	+3.61%	+31.51%	-39.64%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Newalta Corp	-5.44%	+9.53%	-0.86%	-19.14%
Autocanada Inc	-4.10%	-2.74%	+23.50%	+11.27%
Canfor Corp	-3.06%	-3.73%	+2.50%	+2.97%
Weston (George) Ltd	-3.01%	+0.27%	+5.92%	+32.88%
Rmp Energy Inc	-2.57%	-6.10%	+18.23%	-23.57%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
25-Feb	2,113.86	18,224.57	4,967.14
1-day	-0.08%	+0.08%	-0.02%
5-day	+0.68%	+1.08%	+1.24%
1-month	+3.02%	+3.12%	+4.40%
3-months	+2.27%	+2.30%	+4.39%
6-months	+5.80%	+6.72%	+8.99%
12-months	+14.56%	+12.64%	+15.85%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.79%	+2.20%	+7.56%	+15.85%
C. Staples	-0.27%	-0.02%	+0.05%	+19.01%
Energy	+0.42%	-0.89%	+3.85%	-7.68%
Financials	+0.05%	+0.56%	+2.91%	+14.00%
Healthcare	+0.01%	+1.43%	+1.80%	+22.44%
Info Tech	-0.67%	+0.67%	+3.32%	+21.23%
Industrials	-0.04%	+0.77%	+3.50%	+12.24%
Materials	-0.27%	+0.63%	+7.54%	+11.87%
Telecom	+0.18%	-0.26%	+3.29%	+8.13%
Utilities	-1.63%	-1.42%	-7.81%	+12.72%

DJIA Top Performers

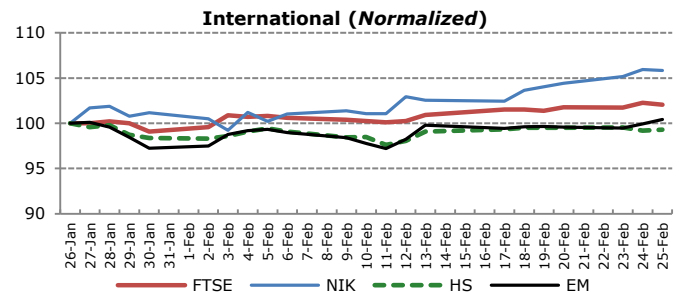
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Mcdonald'S Corp	+3.87%	+4.31%	+10.16%	+5.63%
General Electric Co	+2.05%	+3.56%	+6.81%	+6.20%
American Express Co	+1.62%	+3.00%	-2.33%	-7.58%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Intel Corp	-1.35%	-0.93%	-6.19%	+41.91%
Intl Business Machines Co	-1.23%	+0.38%	+5.19%	-8.85%
Unitedhealth Group Inc	-1.20%	+3.90%	+1.83%	+53.91%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,935.38	18,585.20	24,778.28	992.80
1-day	-0.21%	-0.10%	+0.11%	+0.50%
5-day	+0.54%	+2.12%	+0.21%	+0.79%
1-month	+1.50%	+6.13%	-0.29%	+0.19%
3-months	+3.03%	+6.76%	+3.92%	-1.62%
6-months	+2.36%	+19.03%	-1.54%	-8.52%
12-months	+1.54%	+23.48%	+11.03%	+3.90%



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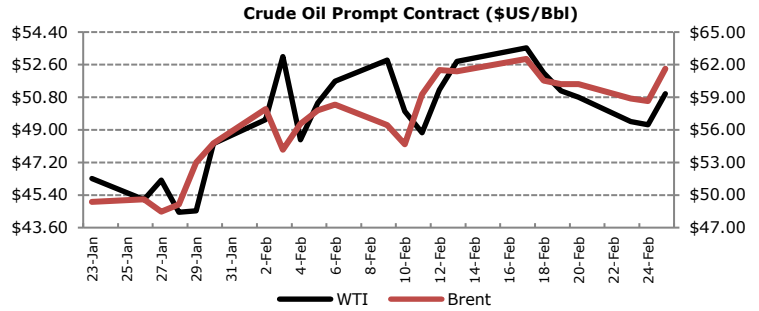
Nymex WTI Crude Oil

(\$US/Bbl)	25-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$50.99	+\$1.71	+3.47%	-2.21%	+12.93%
Cal 15	\$56.38	+\$1.91	+3.50%	-0.97%	+11.25%
Cal 16	\$62.74	+\$1.44	+2.35%	+0.68%	+9.92%

(\$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	\$56.98	\$59.49	\$61.10	\$62.42	\$62.74

Inventory Levels (as of Feb-20)

(MMbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	434,071	+8,427	337,426	319,411
Motor Gas	240,014	-3,118	214,389	200,481
Distillates	124,698	-2,711	171,756	140,851

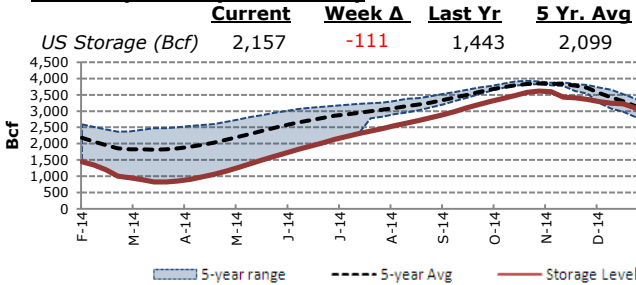


(\$US/Bbl)	25-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$61.63	+\$2.97	+4.82%	+1.82%	+24.25%

Nymex Natural Gas

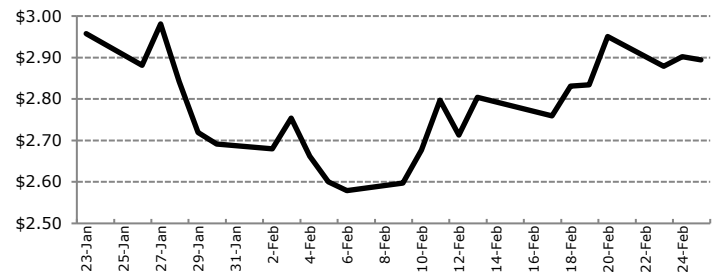
(\$US/MMbtu)	25-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.89	-\$0.01	-0.28%	+2.23%	+0.45%
Apr15-Oct15	\$2.93	-\$0.04	-1.37%	-0.57%	+1.81%
Nov15-Mar16	\$3.20	-\$0.06	-1.93%	-2.87%	-2.35%
Apr16-Oct16	\$3.18	+\$0.01	+0.45%	-1.07%	-2.63%
Nov16-Mar17	\$3.44	-\$0.08	-2.17%	-3.69%	-3.81%

Inventory Levels (as of Feb-13)



(\$US/Bbl)	25-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$61.63	+\$2.97	+4.82%	+1.82%	+24.25%

Nat Gas Prompt (\$US/MMbtu)

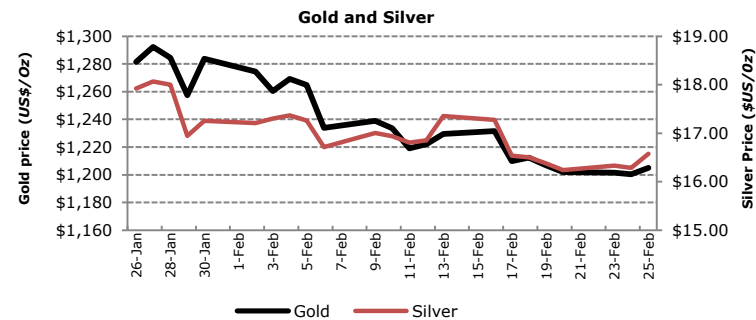


Alberta Natural Gas

(\$CAD/GJ)	25-Feb	day Δ	%Δ
AECO Mar-15	\$2.63	-\$0.05	-1.8%

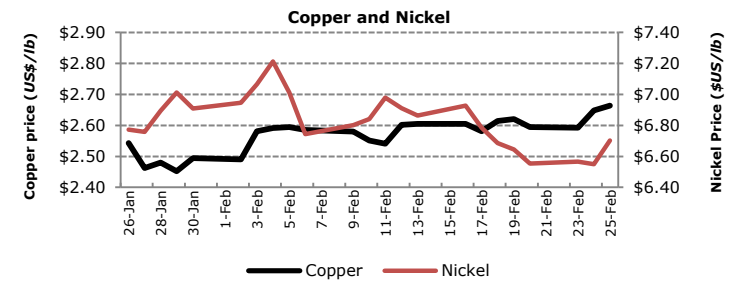
Precious Metals

\$US/oz	25-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,205.05	+\$4.61	+0.4%	-0.6%	-6.0%	+0.6%
Silver	\$16.58	+\$0.29	+1.8%	+0.4%	-7.5%	+0.6%
Platinum	\$1,170	+\$6.90	+0.6%	-0.4%	-6.5%	-3.8%



Industrial Metals

\$US/lb	25-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.66	+\$0.02	+0.6%	+1.9%	+4.7%	-8.6%
Nickel	\$6.70	+\$0.15	+2.3%	+0.2%	-1.0%	-11.8%
Zinc	\$1.01	+\$0.01	+0.8%	-2.4%	-2.5%	-6.5%
Aluminum	\$0.87	+\$0.00	0.0%	-1.1%	-2.2%	-11.2%
Uranium	\$38.75	+\$0.00	0.0%	+0.9%	+4.3%	+1.3%



Agriculture & Other

	25-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.84	-\$0.02	-0.5%	-2.1%	-1.5%
Wheat (\$US/bu)	\$4.97	-\$0.06	-1.3%	-5.1%	-4.9%
Soybeans (\$US/bu)	\$10.11	-\$0.08	-0.8%	+1.2%	+3.0%
Rough Rice (\$US/cwt)	\$10.77	+\$0.06	+0.6%	-3.1%	-4.1%
Sugar #11 (¢US/lb)	¢13.79	¢0.36	+2.5%	-8.1%	-11.0%
Lean Hogs (¢US/lb)	¢69.33	¢0.75	+1.1%	+7.9%	-3.8%
Live Cattle (¢US/lb)	¢146.85	¢1.28	+0.9%	-3.8%	-2.7%
Cotton No.2 (\$US/lb)	\$0.66	+\$0.01	+1.0%	+0.4%	+10.1%
Lumber (\$US/Mbft)	\$284.30	-\$5.90	-2.0%	-4.7%	-8.9%

Commodity ETFs

	25-Feb	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$8.85	+\$0.56	+6.8%	-13.1%	+16.8%
HBP Nat Gas U	\$4.54	-\$0.08	-1.7%	+5.8%	-2.6%
iShares Gold ETF	\$10.71	+\$0.04	+0.4%	-0.7%	-6.0%
\$USD					
US Crude Oil	\$18.65	+\$0.61	+3.4%	-3.17%	+9.7%
US Nat Gas	\$14.50	-\$0.13	-0.9%	0.97%	-3.1%
PSDB Agriculture	\$22.83	-\$0.20	-0.9%	-2.39%	-2.8%
PSDB Base Metals	\$15.09	+\$0.03	+0.2%	0.07%	+1.2%

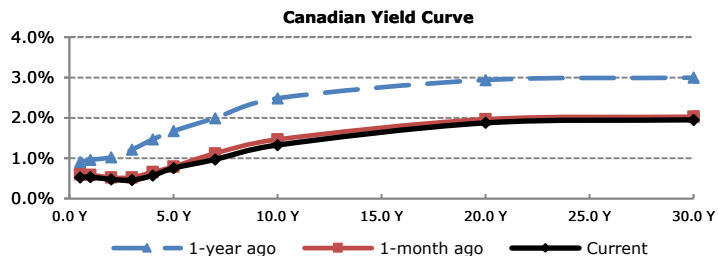
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Interest Rates

Canadian yield curve

	25-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.55%	-	0.60%	0.91%	0.86%
6-mnth	0.52%	-	0.60%	0.93%	0.90%
12-mnth	0.53%	+0.02%	0.59%	0.98%	0.96%
2-year	0.48%	+0.01%	0.52%	1.03%	1.02%
5-year	0.75%	+0.00%	0.79%	1.43%	1.68%
10-year	1.33%	+0.00%	1.47%	1.90%	2.49%
20-year	1.88%	-0.01%	1.97%	2.43%	2.94%
30-year	1.95%	-0.01%	2.03%	2.46%	3.00%

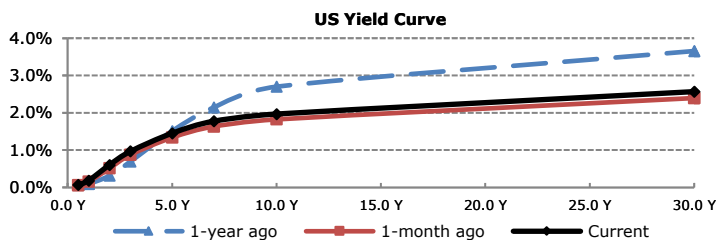
Historical Levels



US yield curve

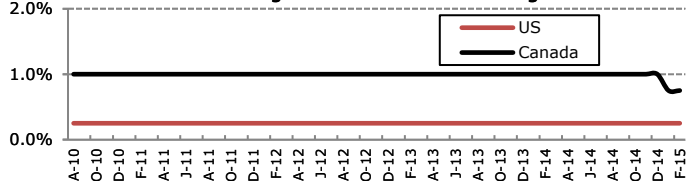
	25-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-	0.01%	0.01%	0.04%
6-mnth	0.07%	-	0.06%	0.07%	0.07%
12-mnth	0.18%	-	0.15%	0.12%	0.10%
2-year	0.60%	+0.05%	0.51%	0.52%	0.31%
5-year	1.45%	-0.00%	1.34%	1.56%	1.51%
10-year	1.97%	-0.01%	1.82%	2.24%	2.70%
30-year	2.57%	-0.02%	2.40%	2.95%	3.66%

Historical Levels

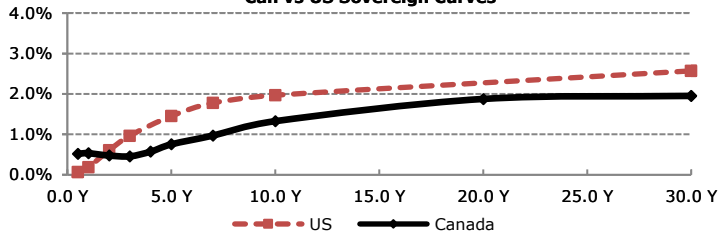


	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.75%	1.00%	4-Mar-15	0.55%
US Fed Funds	0.25%	0.25%	18-Mar-15	0.25%

Cdn Overnight Rate & US Fed Funds Target



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	25-Feb	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.244	-0.005		1.247	1.123	1.109
EURUSD	\$1.136	+0.002		1.124	1.239	1.375
USDJPY	¥118.86	-0.110		118.46	117.79	102.24
GBPUSD	\$1.553	+0.007		1.508	1.566	1.668
AUDUSD	\$0.789	+0.006		0.793	0.867	0.902

	Spot	25-Feb	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥95.58	+0.299		94.96	104.84	92.23
CADAUD	\$1.020	-0.003		1.012	1.027	1.000
GBPCAD	£1.931	+0.001		1.881	1.759	1.849
EURJPY	¥135.03	+0.110		133.12	145.99	140.52
EURAUD	\$1.44	-0.008		1.42	1.43	1.52

Economic Releases

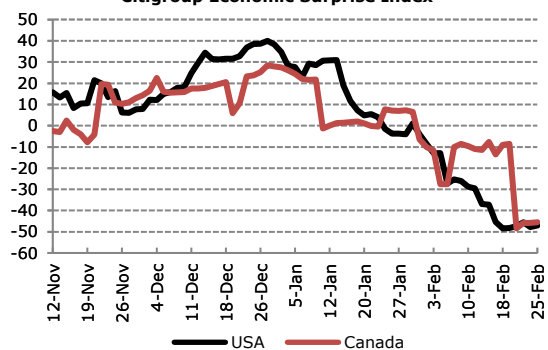
United States

		Period	Survey	Actual	Prior
Mon, Feb 23	Existing Home Sales		4.95M	4.82M	5.04M
Tue, Feb 24	Consumer Confidence		99.5	96.4	102.9
Wed, Feb 25	New Home Sales		470K	481K	481K
Thu, Feb 26	Durable Goods Orders		1.6%	--	-3.4%
Thu, Feb 26	Continuing Claims		2394K	--	2425K
Thu, Feb 26	Initial 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%

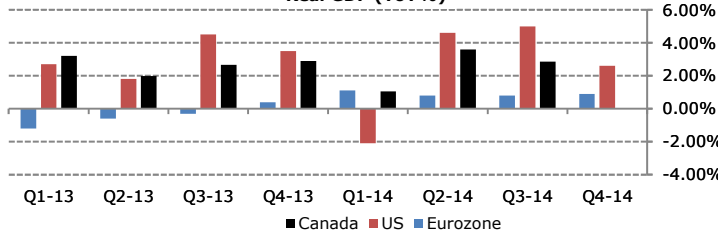
Citigroup Economic Surprise Index



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%

Real GDP (YoY%)



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