

### Today's Commentary

North American markets ended another quiet trading session yesterday, despite a host of economic releases. The S&P 500 slipped 3.12 (-0.15%) to 2,110.74 and the Dow retraced 10.15 points (-0.06%) to 18,214.42. Trading volumes have been light throughout the week, as fourth quarter earnings season wraps up and tensions about Greece have eased. While oil dropped over 5% yesterday, the TSX added 12.59 (0.08%) to 15,241.16 in response to more optimism on Canadian bank stocks after both TD and CIBC hiked dividends. The US 10s yield rose 6bps to 2.03% courtesy of better than expected inflation data, while Canadian 10s yield followed suit with a softer gain of 3bps to 1.35%. The Commerce Department's four quarter revision of US GDP hits markets this morning, where estimates are calling for a downward revision due to a larger trade deficit.

In the biggest decline since December 2008, the US consumer-price index fell 0.7% as weak oil continued to reduce the cost of energy. This puts the year to date decrease at 0.1% for the end of January, though core prices which exclude food and fuel were up 0.2% m/m or 1.6% over the past 12 months. The drop in fuel prices continues to keep money in consumers' pockets, which along with a 1.2% jump in real wages for January, is helping to support continued US growth. It is the Fed's belief that weak oil will cause inflation to decline before rising again to its 2% target, which is reinforcing the view that the Fed will be patient with an interest rate hike. The greenback pared losses against the loonie earlier in the week, as it rose 0.65% on higher than expected January core inflation numbers.

Canada's January consumer price index released on Thursday morning, hit a one-year low, largely due to the weight of lower oil prices. Consumer prices rose 1% from a year earlier, while the core inflation rate, which removes volatile items, was unchanged at 2.2%. Both beat expectations of a 0.8% headline increase and a 2.1% core increase respectively. Gas prices dropped 26.9%, while food prices rose 4.6%, and natural gas rose 13.9% in January from a year earlier. The data suggests that an interest rate cut by the Bank of Canada at next Wednesday's meeting is less likely. According to Dina Ignjatovic of TD economics, "Today's inflation data is slightly ahead of the Bank's forecast. As such, we now expect the Bank to leave rates unchanged for the remainder of the year."

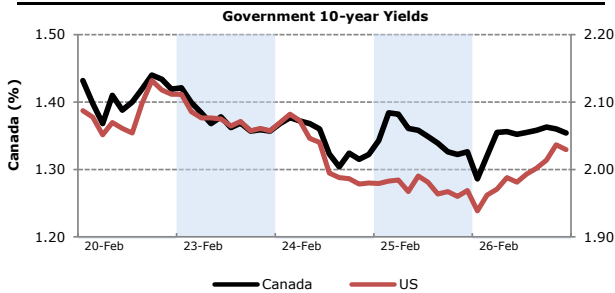
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

### Today's Major Economic Releases

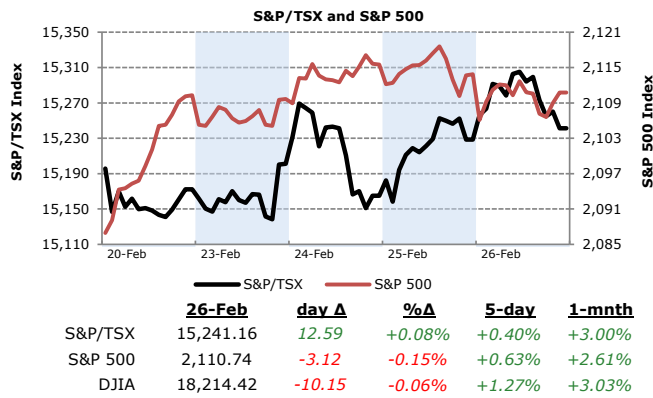
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

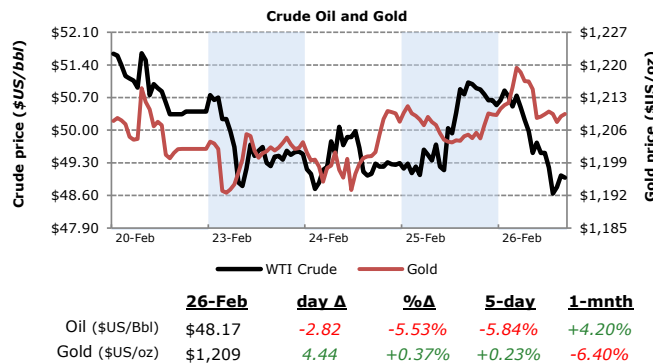
### Interest Rates



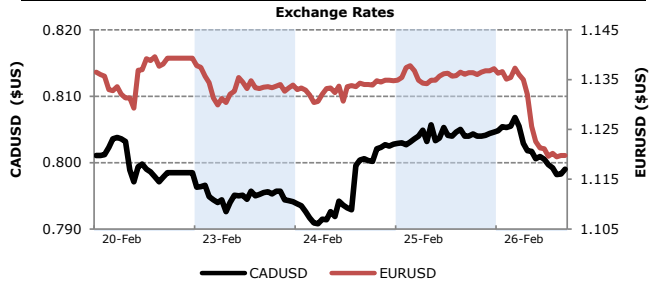
### Equities



### Commodities



### Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	26-Feb	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.252		+0.008	1.250	1.240	1.113
EURUSD	\$1.120		-0.016	1.137	1.138	1.369
USDJPY	¥119.41		+0.550	118.950	117.87	102.38

Government 10-year Yields

	26-Feb	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.35%	0.028%	1.43%	1.86%	2.44%
United States	2.03%	0.061%	1.82%	2.16%	2.67%

### 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.

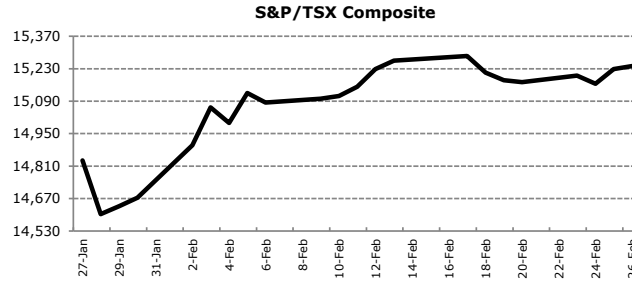
<http://www.rotmanfinanceassociation.com>

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	<b>26-Feb</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	15,241.16	12.59	+0.08%
<b>Trailing</b>	<b>S&amp;P/TSX</b>	<b>TSX 60</b>	
5-day	+0.40%	+0.73%	
1-month	+3.00%	+3.03%	
3-months	+1.35%	+1.68%	
6-months	-2.42%	-0.69%	
12-months	+7.42%	+9.45%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.97%	+3.61%	+7.13%	+35.53%
C. Staples	+0.43%	+1.49%	+5.48%	+45.92%
Energy	-1.75%	-2.58%	+2.76%	-20.59%
Financials	+0.61%	-0.12%	+3.32%	+7.49%
Healthcare	+0.55%	+6.56%	+9.00%	+21.16%
Info Tech	+2.17%	+3.63%	+9.35%	+38.28%
Industrials	-0.01%	-0.14%	+2.12%	+16.98%
Materials	+0.16%	+0.95%	+0.37%	-7.07%
Metals & Mining	+1.12%	+2.57%	+18.14%	-13.08%
Telecom	+0.41%	-0.45%	-1.96%	+8.67%
Utilities	-0.07%	-0.17%	-1.55%	+10.69%

**TSX Top Performers**

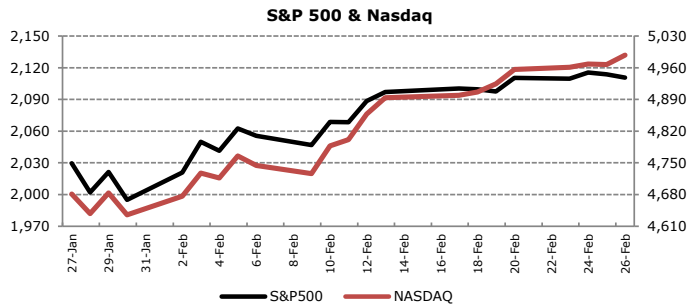
<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Capstone Mining Corp	+8.89%	+6.52%	+19.51%	-48.24%
Canadian Tire Corp-Class	+8.85%	+12.04%	+8.93%	+35.14%
Constellation Software In	+6.34%	+9.82%	+20.61%	+80.89%
Cott Corporation	+5.49%	+22.82%	+25.10%	+33.08%
New Gold Inc	+4.73%	+3.79%	-13.08%	-30.80%

**TSX Worst Performers**

<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Trican Well Service Ltd	-11.84%	-22.72%	-17.24%	-68.47%
Penn West Petroleum Ltd	-9.56%	-16.33%	+23.00%	-72.82%
Interfor Corp	-7.39%	-8.87%	-0.47%	+20.29%
Birchcliff Energy Ltd	-7.12%	-3.96%	+7.48%	-28.02%
Canadian Oil Sands Ltd	-6.42%	-1.97%	+34.94%	-47.88%

**US Indices**

<b>Trailing</b>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
26-Feb	2,110.74	18,214.42	4,987.89
1-day	-0.15%	-0.06%	+0.42%
5-day	+0.63%	+1.27%	+1.28%
1-month	+2.61%	+3.03%	+4.53%
3-months	+1.83%	+2.17%	+4.19%
6-months	+5.54%	+6.48%	+9.13%
12-months	+14.39%	+12.45%	+16.21%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.38%	+1.50%	+6.53%	+14.73%
C. Staples	+0.09%	+0.69%	+0.16%	+19.35%
Energy	-1.77%	-1.87%	+0.62%	-8.75%
Financials	-0.30%	+0.71%	+2.12%	+13.81%
Healthcare	+0.25%	+1.59%	+1.60%	+22.77%
Info Tech	+0.67%	+0.94%	+4.47%	+21.89%
Industrials	-0.48%	+0.30%	+2.83%	+11.64%
Materials	-0.72%	-0.37%	+6.27%	+10.25%
Telecom	+0.49%	+0.78%	+4.25%	+8.98%
Utilities	-0.75%	-1.07%	-8.46%	+12.42%

**DJIA Top Performers**

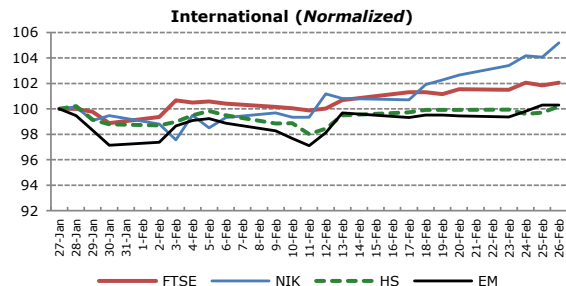
<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Johnson & Johnson	+1.57%	+2.09%	+0.53%	+12.83%
Cisco Systems Inc	+1.42%	+2.05%	+6.94%	+36.39%
American Express Co	+1.31%	+6.19%	-0.06%	-7.22%

**DJIA Worst Performers**

<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Caterpillar Inc	-1.59%	+0.60%	-2.59%	-13.79%
Chevron Corp	-1.40%	-1.19%	-1.67%	-7.32%
Intl Business Machines Co	-1.19%	-1.84%	+2.88%	-12.60%

**International Markets**

<b>Trailing</b>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hanq Seng</b>	<b>MSCI EM</b>
Last Close	6,949.73	18,785.79	24,902.06	992.80
1-day	+0.21%	+1.08%	+0.50%	+0.00%
5-day	+0.88%	+2.85%	+0.47%	+0.78%
1-month	+1.42%	+7.54%	-0.03%	+0.00%
3-months	+3.28%	+8.07%	+3.28%	-2.30%
6-months	+1.86%	+21.03%	-0.69%	-9.11%
12-months	+2.21%	+25.48%	+10.98%	+3.39%



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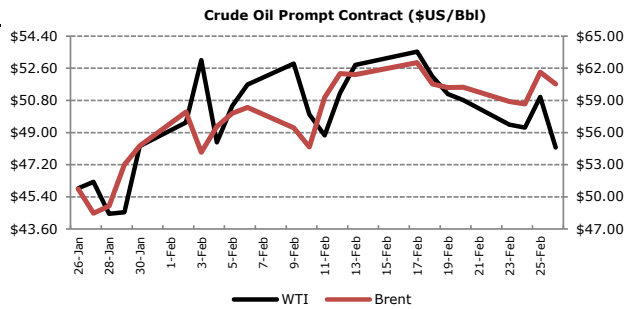
**Nymex WTI Crude Oil**

(\$US/Bbl)	26-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$48.17	-\$2.82	-5.53%	-5.84%	+4.20%
Cal 15	\$54.28	-\$2.10	-3.73%	-3.03%	+7.66%
Cal 16	\$61.31	-\$1.43	-2.28%	+0.01%	+7.48%

(\$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	\$54.97	\$57.66	\$59.42	\$60.93	\$61.31

**Inventory Levels (as of Feb-20)**

(MBbls)	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



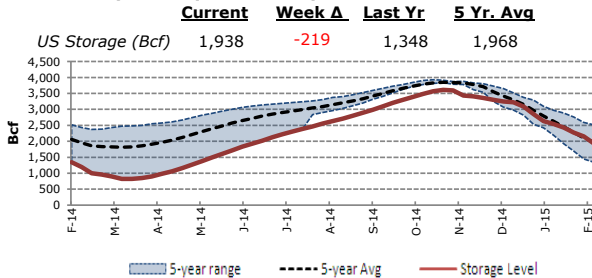
**UK Brent Crude Oil**

(\$US/Bbl)	26-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$60.52	-\$1.11	-1.83%	+0.51%	+24.86%

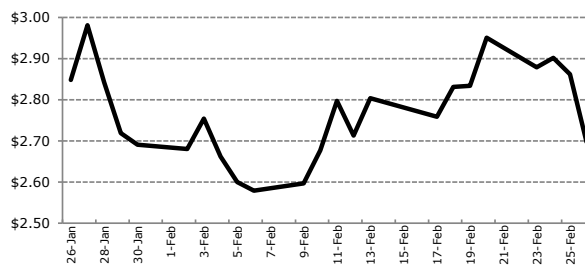
**Nymex Natural Gas**

(\$US/MMbtu)	26-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.70	-\$0.17	-5.77%	-4.83%	-9.53%
Apr15-Oct15	\$2.80	-\$0.14	-4.80%	-5.59%	-5.98%
Nov15-Mar16	\$3.16	-\$0.09	-2.78%	-3.95%	-5.40%
Apr16-Oct16	\$3.12	-\$0.05	-1.72%	-2.76%	-6.57%
Nov16-Mar17	\$3.47	-\$0.06	-1.61%	-2.54%	-4.77%

**Inventory Levels (as of Feb-20)**



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

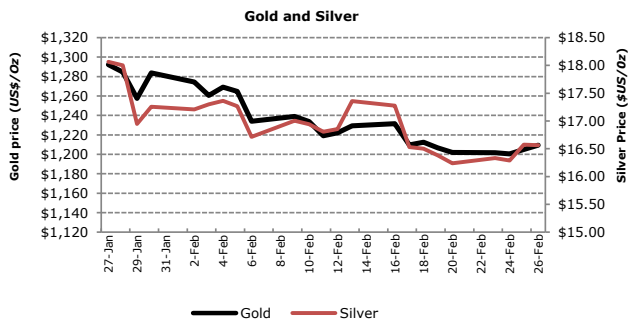


**Alberta Natural Gas**

(\$CAD/GJ)	26-Feb	day Δ	%Δ
AECO Mar-15	\$2.46	-\$0.17	-6.4%

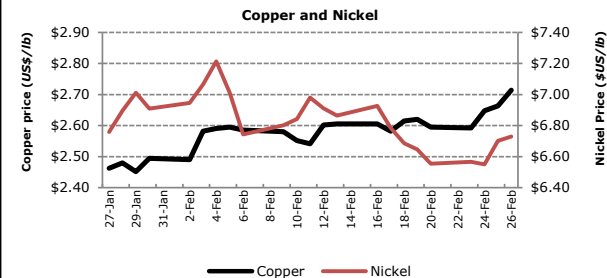
**Precious Metals**

\$US/oz	26-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,209.49	+\$4.44	+0.4%	+0.2%	-6.4%	+0.0%
Silver	\$16.57	-\$0.01	-0.1%	+1.1%	-8.3%	+0.9%
Platinum	\$1,175	+\$4.65	+0.4%	+0.2%	-7.1%	-4.2%



**Industrial Metals**

\$US/lb	26-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.71	+\$0.05	+1.9%	+3.6%	+10.2%	-6.2%
Nickel	\$6.73	+\$0.03	+0.4%	+1.3%	-0.4%	-11.2%
Zinc	\$1.02	+\$0.00	+0.2%	-1.2%	-1.5%	-6.7%
Aluminum	\$0.87	+\$0.00	0.0%	-1.1%	-2.2%	-11.2%
Uranium	\$38.70	-\$0.05	-0.1%	+0.8%	+4.2%	+1.2%



**Agriculture & Other**

	26-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.89	+\$0.05	+1.2%	-2.3%	+1.8%
Wheat (\$US/bu)	\$5.01	+\$0.03	+0.7%	-3.7%	-1.9%
Soybeans (\$US/bu)	\$10.27	+\$0.16	+1.6%	+1.5%	+5.0%
Rough Rice (\$US/cwt)	\$10.66	-\$0.12	-1.1%	-3.4%	-3.0%
Sugar #11 (¢US/lb)	¢13.99	¢0.20	+1.5%	-4.4%	-9.5%
Lean Hogs (¢US/lb)	¢67.15	¢2.18	-3.1%	+0.1%	-10.4%
Live Cattle (¢US/lb)	¢149.80	¢2.95	+2.0%	-1.1%	-1.1%
Cotton No.2 (\$US/lb)	\$0.65	-\$0.00	-0.5%	+0.8%	+8.3%
Lumber (\$US/Mbft)	\$290.00	+\$5.70	+2.0%	-2.2%	-7.6%

**Commodity ETFs**

\$CAD	26-Feb	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$8.23	-\$0.62	-7.0%	-11.6%	+4.4%
HBP Nat Gas U	\$3.99	-\$0.55	-12.1%	-11.7%	-17.0%
iShares Gold ETF	\$10.75	+\$0.04	+0.4%	-0.1%	-7.0%

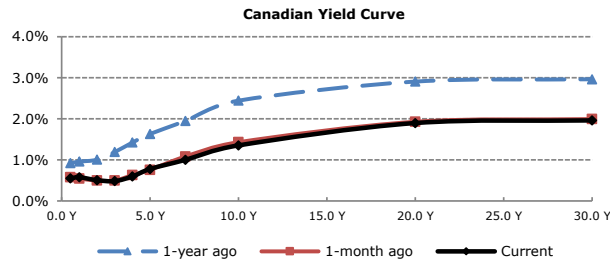
\$USD	26-Feb	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$18.03	-\$0.62	-3.3%	-5.60%	+6.9%
US Nat Gas	\$13.64	-\$0.86	-5.9%	-5.61%	-6.3%
PSDB Agriculture	\$22.96	+\$0.13	+0.6%	-1.67%	-2.4%
PSDB Base Metals	\$15.13	+\$0.04	+0.3%	0.67%	-0.7%

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Interest Rates

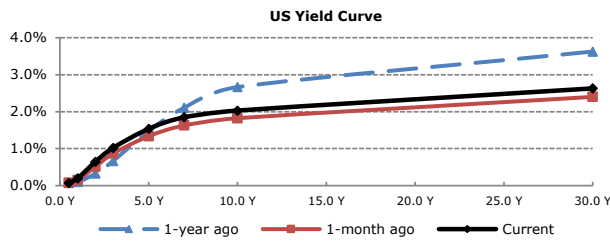
Canadian yield curve

	26-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.56%	-	0.60%	0.91%	0.85%
6-mnth	0.55%	-	0.58%	0.92%	0.92%
12-mnth	0.58%	+0.05%	0.55%	0.97%	0.96%
2-year	0.51%	+0.03%	0.50%	0.99%	1.01%
5-year	0.78%	+0.03%	0.76%	1.38%	1.63%
10-year	1.35%	+0.03%	1.43%	1.86%	2.44%
20-year	1.90%	+0.02%	1.93%	2.40%	2.91%
30-year	1.96%	+0.01%	1.99%	2.42%	2.96%

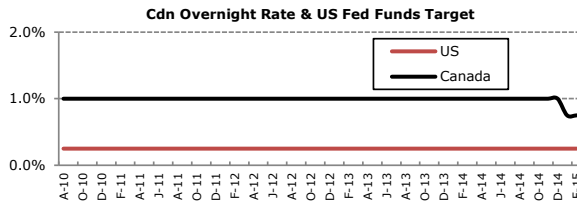


US yield curve

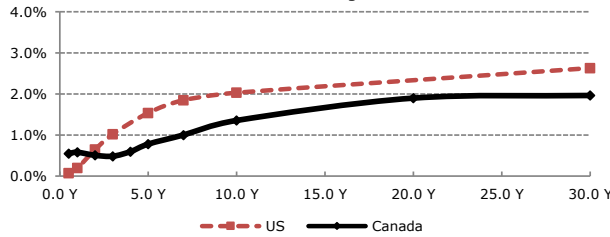
	26-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-	0.02%	0.01%	0.04%
6-mnth	0.07%	+0.01%	0.08%	0.07%	0.07%
12-mnth	0.20%	+0.02%	0.15%	0.12%	0.10%
2-year	0.65%	+0.04%	0.51%	0.47%	0.32%
5-year	1.54%	+0.08%	1.34%	1.48%	1.48%
10-year	2.03%	+0.06%	1.82%	2.16%	2.67%
30-year	2.63%	+0.06%	2.40%	2.89%	3.62%



	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%



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

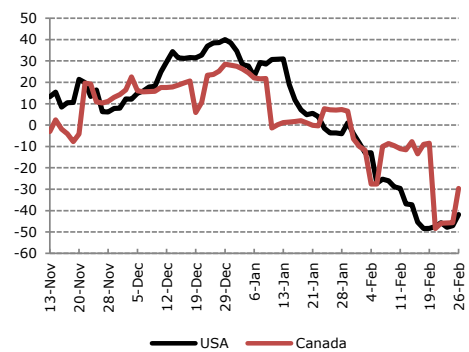
Spot	26-Feb	day Δ	Historical Levels			Spot	26-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.252	+0.008	1.240	1.128	1.113	CADJPY	¥95.42	-0.161	95.06	104.85	92.00
EURUSD	\$1.120	-0.016	1.138	1.244	1.369	CADAUD	\$1.024	+0.005	1.016	1.028	1.002
USDJPY	¥119.41	+0.550	117.87	118.27	102.38	GBPCAD	£1.928	-0.003	1.884	1.772	1.855
GBPUSD	\$1.541	-0.012	1.520	1.571	1.667	EURJPY	¥133.72	-1.310	134.15	147.15	140.11
AUDUSD	\$0.780	-0.009	0.794	0.862	0.897	EURAUD	\$1.44	-0.005	1.43	1.44	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	96.4	102.9
Wed, Feb 25	New Home Sales	470K	481K	481K
Thu, Feb 26	Durable Goods Orders	1.6%	2.8%	-3.4%
Thu, Feb 26	Continuing Claims	2394K	2401K	2425K
Thu, Feb 26	Initial Jobless Claims	290K	--	313K
Thu, Feb 26	Consumer Price Index (MoM)	-0.6%	-0.7%	-0.4%

Citigroup Economic Surprise Index



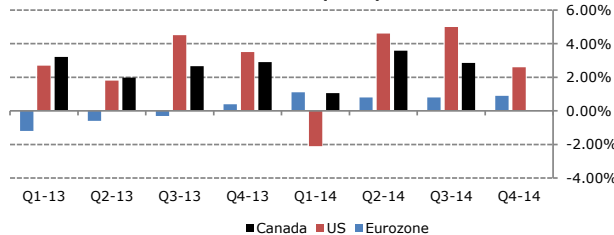
Canada

Period	Survey	Actual	Prior	
Thu, Feb 26	BOC CPI Core (YoY)	2.1%	2.2%	2.2%
Thu, Feb 26	Consumer Price Index	0.8%	1%	1.5%

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%

Real GDP (YoY%)



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