

## Today's Commentary

American stocks took their biggest tumble since January on speculation of an approaching Fed interest rate hike. The USD also hit an 11-year high against the euro and rose against 14 of 16 major currencies. The Dow lost 332.78 (1.85%) to 17,662.94 and the S&P 500 fell 35.27 (1.70%) to 2,044.16. Canadian markets were also adversely affected, as financial companies and commodities producers dropped with the strengthening USD. The TSX dropped 212.73 (1.43%) to 14,641.76, with 9 of the 10 main sectors in the red. Oil also took a fall, losing 3.42% to close at \$48.29 a barrel. The yield on US 10s dropped 6bps to 2.13%, while the yield on Canadian 10s dropped 4bps to 1.53%.

The euro has continued its free-fall against the greenback, slipping 1.4% to \$1.0698 USD. In an interview with Bloomberg News, Sebastien Galy, senior FX strategist at Société Générale argued there could be pain in the markets ahead as he predicts the euro could hit parity with the greenback later in the year. American exporters of lower value added goods and American companies with inadequate hedging strategies will be hardest hit. On the flipside, he believes that from an economic standpoint, the lower euro is a net positive. Eurozone exporters stand to benefit from the weaker currency which will likely trickle down to American consumers who will see a boost in their purchasing power. With yield differentials between American and European sovereign bonds at record highs, we could see a gradual sell off of European bonds that would put pressure on the euro to fall even further.

After cutting rates and reducing reserve requirements on March 1st, falling producer prices in China reported yesterday have added to speculation that the People's Bank of China will further ease monetary policy. Chinese factory-gate prices (the cost of goods before markup) fell 4.8% in February and are now on their 36th month of straight declines. The deflationary numbers have prompted a drop in China's benchmark money-market rate, as well as causing copper and other metal futures to fall in anticipation of a decline in demand of industrial metals from their largest global consumer. Consumer prices rose 1.4% in the same time period; however February's Lunar New Year tends to boost goods' costs and so this number could be distorted. There is also added concern for liquidity in Chinese markets as twenty-three Chinese IPOs will occur this week, locking up approximately 3 trillion yuan.

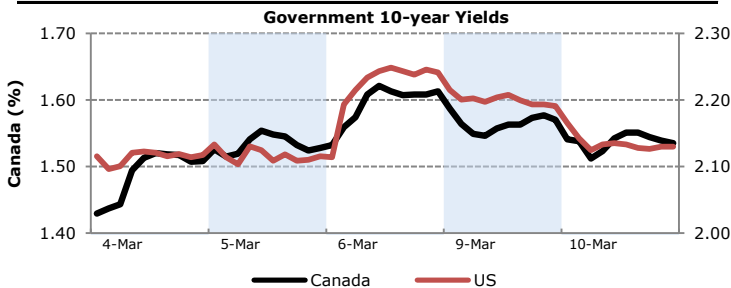
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

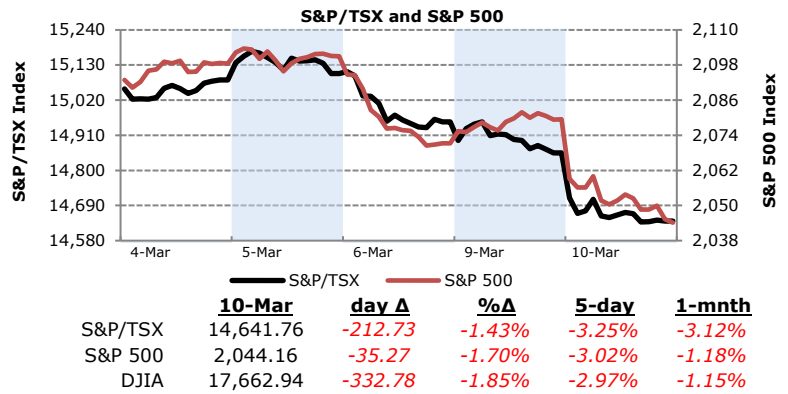
**United States**      Period    Survey    Actual    Prior  
None Scheduled

**Canada**      Period    Survey    Actual    Prior  
None Scheduled

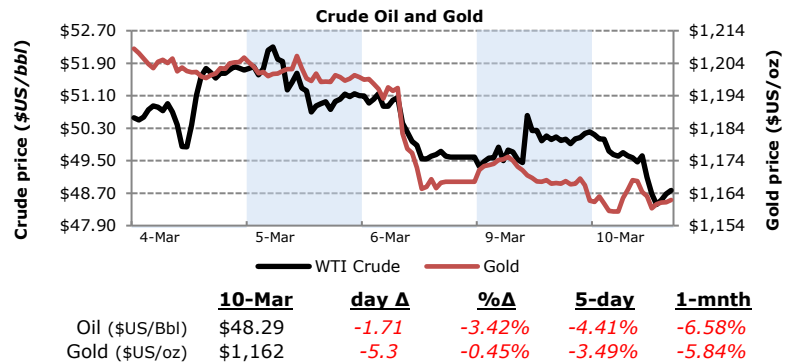
## Interest Rates



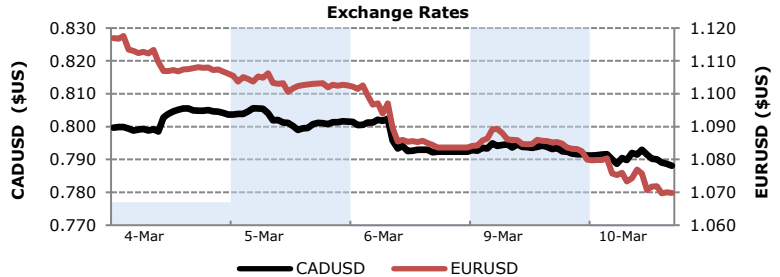
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	10-Mar	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.269	+0.008	1.250	1.253	1.111
EURUSD	\$1.070	-0.015	1.118	1.132	1.388
USDJPY	¥121.13	-0.020	119.730	119.12	103.27

Government 10-year Yields

	10-Mar	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.54%	-0.035%	1.45%	1.83%	2.50%
United States	2.13%	-0.061%	1.96%	2.16%	2.78%

## 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.

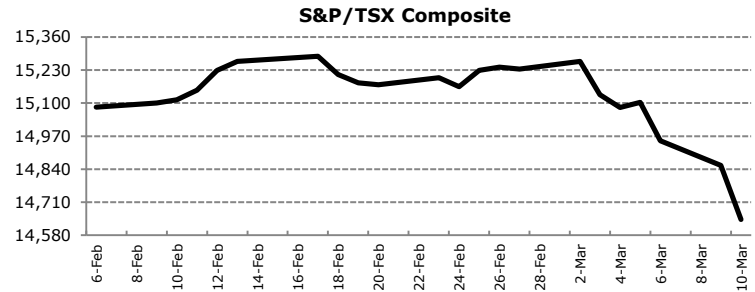
<http://www.rotmanfinanceassociation.com>

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	<b>10-Mar</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	14,641.76	-212.73	-1.43%
<b>Trailing S&amp;P/TSX</b>			
5-day		-3.25%	-3.07%
1-month		-3.12%	-3.05%
3-months		+5.69%	+5.64%
6-months		-5.37%	-4.06%
12-months		+2.38%	+4.48%



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.84%	-2.39%	+2.12%	+27.31%
C. Staples	-1.62%	-1.89%	-0.81%	+38.78%
Energy	-1.35%	-5.40%	-8.55%	-26.30%
Financials	-1.71%	-1.98%	-2.01%	+3.36%
Healthcare	-0.21%	-0.21%	+7.84%	+31.83%
Info Tech	-1.96%	-2.40%	-0.21%	+32.34%
Industrials	-1.35%	-1.77%	-3.71%	+12.91%
Materials	-1.93%	-8.03%	-9.34%	-15.77%
Metals & Mining	-3.41%	-6.88%	+1.64%	-18.35%
Telecom	-1.19%	-3.71%	-3.61%	+2.43%
Utilities	+0.15%	-2.53%	-2.74%	+8.05%

**TSX Top Performers**

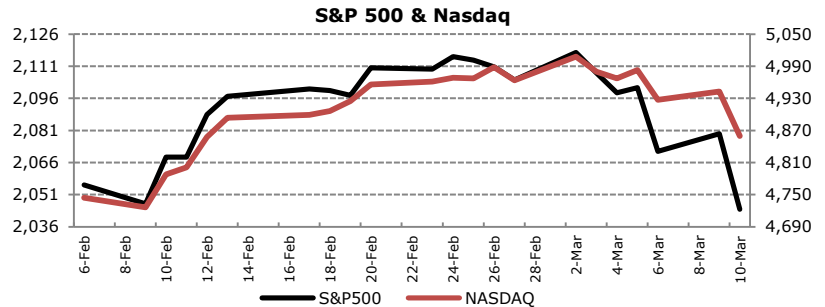
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Algonquin Power & Utiliti	+4.80%	-13.02%	-11.82%	+17.76%
Raging River Exploration	+4.56%	+0.49%	-0.84%	+6.44%
Fairfax Financial Hldgs L	+3.55%	+4.94%	+6.72%	+45.66%
New Gold Inc	+2.67%	-8.04%	-7.44%	-36.30%
China Gold International	+2.67%	-8.33%	-23.00%	-50.32%

**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>
Lightstream Resources Ltd	-9.00%	-16.51%	-45.51%	-83.81%
Black Diamond Group Ltd	-7.77%	-10.27%	+19.02%	-58.01%
Capstone Mining Corp	-7.75%	-13.77%	-13.77%	-55.76%
Legacy Oil + Gas Inc	-7.69%	-16.00%	-23.64%	-74.62%
Canadian Oil Sands Ltd	-7.20%	-18.59%	-12.61%	-57.80%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
10-Mar	2,044.16	17,662.94	4,859.80
1-day	-1.70%	-1.85%	-1.67%
5-day	-3.02%	-2.97%	-2.41%
1-month	-1.18%	-1.15%	+1.51%
3-months	+0.89%	+0.74%	+3.75%
6-months	+2.43%	+3.48%	+5.96%
12-months	+8.90%	+7.58%	+12.12%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.66%	-2.83%	+1.19%	+11.02%
C. Staples	-1.49%	-3.38%	-2.21%	+13.28%
Energy	-1.42%	-4.51%	-6.64%	-14.44%
Financials	-2.12%	-2.76%	-1.74%	+6.40%
Healthcare	-1.14%	-1.75%	+1.19%	+18.83%
Info Tech	-2.19%	-3.27%	+0.56%	+16.41%
Industrials	-1.84%	-2.97%	-1.07%	+5.74%
Materials	-1.58%	-3.53%	-1.23%	+3.62%
Telecom	-1.56%	-4.51%	-5.41%	+2.71%
Utilities	-0.16%	-3.00%	-8.49%	+8.74%

**DJIA Top Performers**

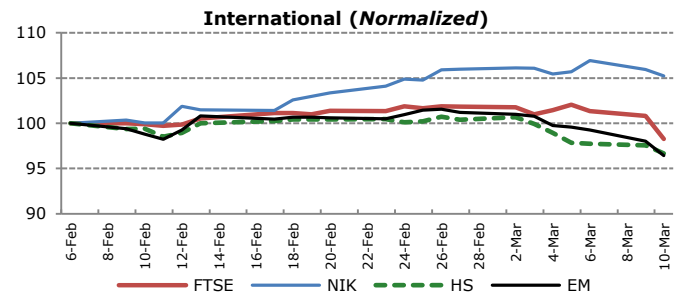
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Du Pont (E.I.) De Nemours	+0.25%	+0.90%	+3.51%	+16.96%
Pfizer Inc	-0.73%	-2.26%	+1.84%	+4.29%
Nike Inc -CL B	-0.94%	-1.49%	+5.14%	+22.20%

**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>
United Technologies Corp	-3.57%	-3.53%	-2.01%	-0.31%
Intel Corp	-3.12%	-7.02%	-4.79%	+27.62%
Goldman Sachs Group Inc	-2.78%	-4.48%	-0.39%	+5.30%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	6,702.84	18,665.11	23,896.98	943.73
1-day	-2.52%	-0.67%	-0.94%	-1.61%
5-day	-2.70%	-0.80%	-3.26%	-4.31%
1-month	-1.85%	+5.74%	-2.57%	-2.39%
3-months	+3.12%	+7.19%	+1.58%	-1.56%
6-months	-1.86%	+18.22%	-3.27%	-12.23%
12-months	+0.20%	+23.45%	+7.33%	-1.18%



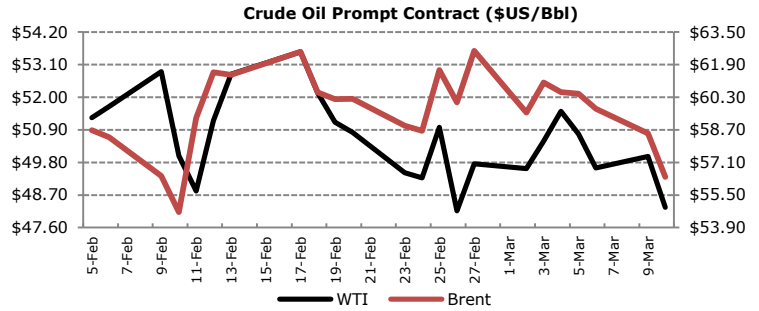
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### Nymex WTI Crude Oil

(\$US/Bbl)	10-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$48.29	-\$1.71	-3.42%	-4.41%	-6.58%
Cal 15	\$53.11	-\$1.53	-2.81%	-5.46%	+6.47%
Cal 16	\$59.12	-\$1.23	-2.04%	-5.63%	+4.34%

(\$US/bbl)	Q3-15	Q4-15	Q1-16	Q2-16	2016
Consensus Forecast	\$62.00	\$70.00	\$70.00	\$71.00	\$71.00
Current Forward	\$53.57	\$55.83	\$57.48	\$58.77	\$59.12



### Inventory Levels (as of Feb-27)

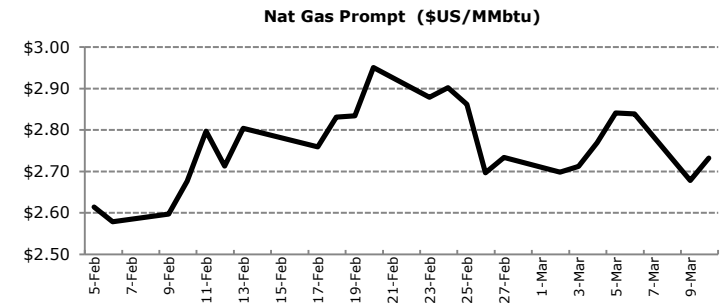
(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	444,374	+10,303	337,426	319,411
Motor Gas	240,060	+46	214,389	200,481
Distillates	122,976	-1,722	171,756	140,851

### UK Brent Crude Oil

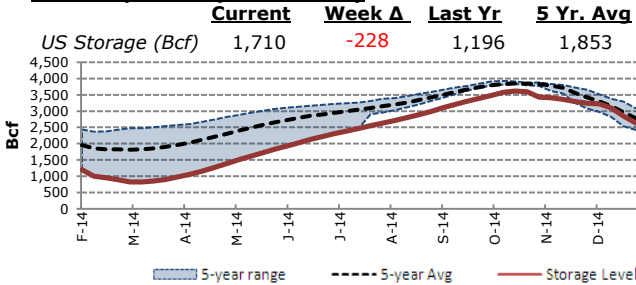
(\$US/Bbl)	10-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$56.39	-\$2.14	-3.79%	-7.59%	-3.34%

### Nymex Natural Gas

(\$US/MMbtu)	10-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.73	+\$0.05	+2.02%	+0.74%	+5.93%
Apr15-Oct15	\$2.82	+\$0.05	+1.69%	+0.30%	-3.68%
Nov15-Mar16	\$3.17	+\$0.03	+0.88%	-0.26%	-4.85%
Apr16-Oct16	\$3.14	+\$0.02	+0.58%	-0.08%	-5.72%
Nov16-Mar17	\$3.48	+\$0.02	+0.51%	-0.15%	-3.47%



### Inventory Levels (as of Feb-27)

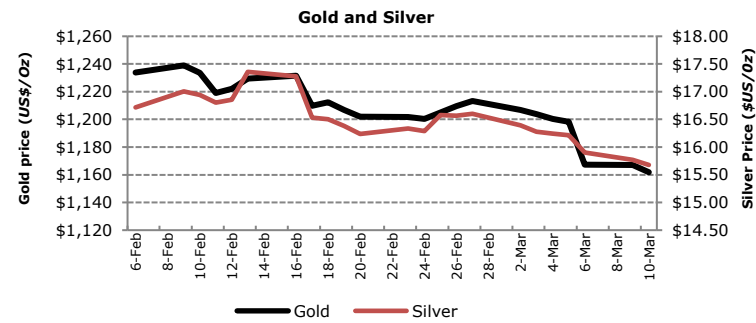


### Alberta Natural Gas

(\$CAD/GJ)	10-Mar	day Δ	%Δ
AECO Apr-15	\$2.51	+\$0.05	+2.0%

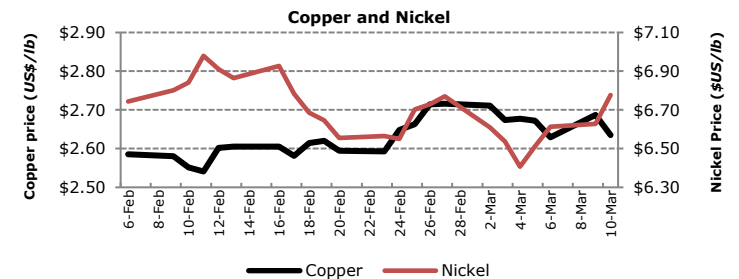
### Precious Metals

\$US/oz	10-Mar	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,161.85	-\$5.30	-0.5%	-3.5%	-5.8%	-2.6%
Silver	\$15.68	-\$0.09	-0.6%	-3.7%	-6.2%	-3.0%
Platinum	\$1,130	-\$17.45	-1.5%	-4.7%	-7.7%	-6.6%



### Industrial Metals

\$US/lb	10-Mar	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.64	-\$0.05	-1.9%	-1.4%	+1.9%	-9.1%
Nickel	\$6.78	+\$0.15	+2.3%	+3.7%	+0.5%	-11.4%
Zinc	\$0.99	+\$0.00	+0.5%	-1.8%	-4.4%	-7.4%
Aluminum	\$0.86	-\$0.01	-1.1%	-2.3%	-4.4%	-7.5%
Uranium	\$39.50	+\$0.00	0.0%	0.0%	+3.4%	+6.0%



### Agriculture & Other

	10-Mar	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.88	-\$0.01	-0.2%	-0.8%	-2.9%
Wheat (\$US/bu)	\$4.93	+\$0.03	+0.7%	-2.5%	-7.0%
Soybeans (\$US/bu)	\$9.85	-\$0.09	-0.9%	-2.7%	-0.1%
Rough Rice (\$US/cwt)	\$10.52	-\$0.02	-0.1%	-1.0%	-1.6%
Sugar #11 (¢US/lb)	¢13.02	¢0.25	+1.9%	+3.2%	+12.0%
Lean Hogs (¢US/lb)	¢65.98	¢0.10	+0.2%	+0.6%	+1.2%
Live Cattle (¢US/lb)	¢154.75	¢0.75	+0.5%	+2.4%	+0.7%
Cotton No.2 (\$US/lb)	\$0.61	-\$0.01	-2.2%	-4.3%	-3.0%
Lumber (\$US/Mbft)	\$285.00	-\$1.60	-0.6%	-2.6%	-10.0%

### Commodity ETFs

	10-Mar	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$8.08	-\$0.40	-4.7%	-6.5%	-17.1%
HBP Nat Gas U	\$4.06	+\$0.09	+2.3%	+0.5%	+7.1%
iShares Gold ETF	\$10.34	-\$0.03	-0.3%	-3.4%	-5.8%
<b>\$USD</b>					
US Crude Oil	\$17.91	-\$0.44	-2.4%	-3.14%	-5.9%
US Nat Gas	\$13.80	+\$0.18	+1.3%	0.66%	+3.9%
PSDB Agriculture	\$22.45	-\$0.13	-0.6%	-1.14%	-3.3%
PSDB Base Metals	\$14.77	-\$0.21	-1.4%	-1.40%	-3.7%

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## Interest Rates

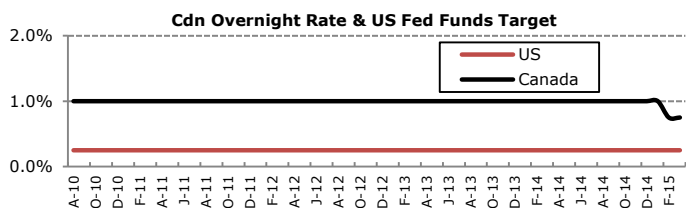
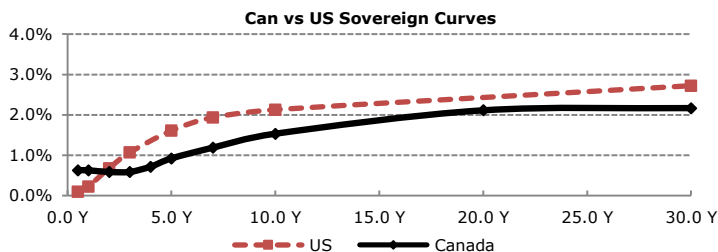
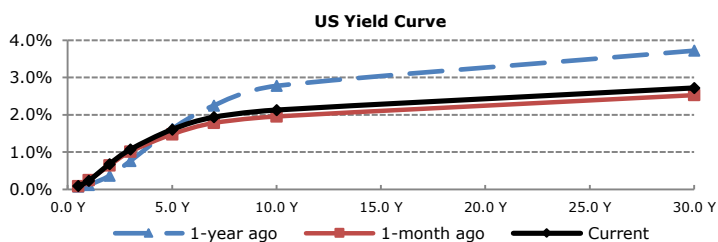
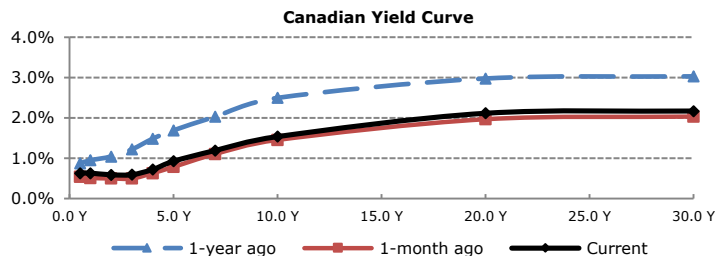
### Canadian yield curve

	10-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.59%	-	0.54%	0.90%	0.83%
6-mnth	0.63%	-	0.54%	0.92%	0.87%
12-mnth	0.63%	-0.01%	0.51%	0.97%	0.95%
2-year	0.59%	-0.01%	0.50%	1.00%	1.04%
5-year	0.92%	-0.03%	0.78%	1.38%	1.69%
10-year	1.54%	-0.03%	1.45%	1.83%	2.50%
20-year	2.11%	-0.04%	1.97%	2.35%	2.98%
30-year	2.17%	-0.04%	2.03%	2.38%	3.03%

### US yield curve

	10-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	+0.01%	0.02%	0.03%	0.04%
6-mnth	0.10%	+0.01%	0.08%	0.09%	0.08%
12-mnth	0.23%	-0.01%	0.24%	0.20%	0.12%
2-year	0.68%	-0.01%	0.64%	0.57%	0.37%
5-year	1.61%	-0.04%	1.48%	1.56%	1.62%
10-year	2.13%	-0.06%	1.96%	2.16%	2.78%
30-year	2.72%	-0.07%	2.53%	2.83%	3.72%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.75%	0.75%	15-Apr-15	0.60%
US Fed Funds	0.25%	0.25%	18-Mar-15	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	10-Mar	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.269	+0.008		1.253	1.138	1.111
EURUSD	\$1.070	-0.015		1.132	1.238	1.388
USDJPY	¥121.13	-0.020		119.12	119.78	103.27
GBPUSD	\$1.507	-0.006		1.524	1.567	1.665
AUDUSD	\$0.763	-0.008		0.780	0.838	0.902

	Spot	10-Mar	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥95.46	-0.653		95.12	105.21	92.97
CADAUD	\$1.034	+0.004		1.024	1.048	0.998
GBPCAD	£1.912	+0.005		1.909	1.785	1.849
EURJPY	¥129.59	-1.880		134.79	148.27	143.30
EURAUD	\$1.40	-0.006		1.45	1.48	1.54

## Economic Releases

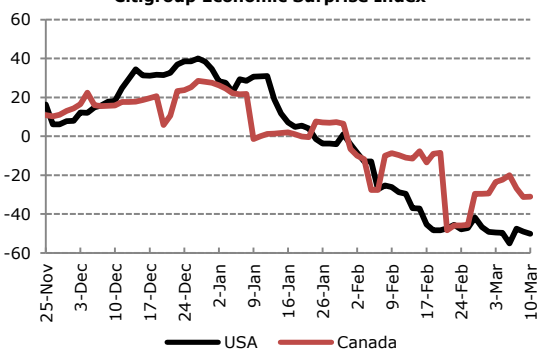
### United States

		Period	Survey	Actual	Prior
Thu, Mar 12	Advance Retail Sales	28-Feb	0.3%	--	-0.8%
Thu, Mar 12	Continuing Claims	28-Feb	2400K	--	2421K
Thu, Mar 12	Initial Jobless Claims	7-Mar	305K	--	320K

### Canada

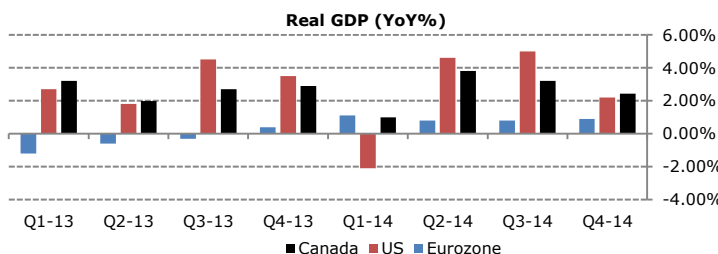
		Period	Survey	Actual	Prior
Mon, Mar 09	Housing Starts	28-Feb	179K	156.276K	187.276K
Fri, Mar 13	Net Change in Employment	28-Feb	-5K	--	35.4K
Fri, Mar 13	Unemployment	28-Feb	6.7%	--	6.6%

### Citigroup Economic Surprise Index



## Economics

	Q1-14	Q2-14	Q3-14	Q4-14	2013E
<b>Canada</b>					
Real GDP	1.00%	3.80%	3.20%	2.44%	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%	2.20%	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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