

Today's Commentary

US stocks suffered a modest pullback yesterday after their jump on Wednesday, as the S&P 500 retraced 10.23 points (0.49%) to end at 2,089.27 while the Dow dropped in similar fashion, down 117.16 (0.65%) to 17,959.03. Energy names led the declines, as the S&P Energy Index slipped 1.7% on the fall in oil yesterday driven by continued oversupply fears. In contrast, the Russell 2000, an index of small cap American stocks gained 0.2%, reaching a second consecutive all-time high. Small cap shares have been less scathed by US dollar strength, as the greenback rebounded 1.6% against the euro on Thursday. Crude oil also weighed on the TSX, as it fell 88.31 (-0.59%) to 14,873.93. US 10s yields rose 5 bps to 1.97% while the Canadian 10s were almost unchanged. Canadian February CPI data released this morning showed Canada's core inflation rate y/y slowed to 2.1% from 2.2%, a figure that matched consensus estimates while retail sales for the same month fell 1.7%, a much greater fall than anticipated. All in all, the economic data suggests the loonie could face some downside pressure in trading today.

The minutes from the Bank of Japan board meeting from February 17-18th released yesterday expressed concern that consumer prices could remain stagnant due to the drop in oil prices. This suggests the BOJ is still worried about reaching its 2% inflation target, but Bank Governor Haruhiko Kuroda maintains that the BOJ will hit its target around the beginning of April. Government officials have voiced concern over rushing to hit this target, as it could push the yen to dangerously low levels and have negative repercussions for household spending, requesting that the central bank take the economic conditions into consideration.

While the Fed expressed its intent on a slower pace of monetary tightening given the moderation in growth, it is widely believed that rates will rise sometime later this year. The goal of policy makers is to cause a parallel shift upwards of the yield curve in order to contain market bubbles and keep inflation in check. A concern for many analysts covering the US economy is that the yield curve appears to be on a flattening trend, with the gap between the two year and ten year yields of US government bonds narrowing. As of Thursday, this difference stood at 1.36%, lower than the 2.65% gap seen at the end of 2013. Long-term interest rates may not rise as much as shorter term rates when the Fed begins to tighten because inflation, a key driver of long-term rates is still muted. A flattening of the yield curve generally portends slower economic growth. Longer-term rates may also remain depressed given the increasing global demand for US treasuries which offer relatively competitive yields.

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.

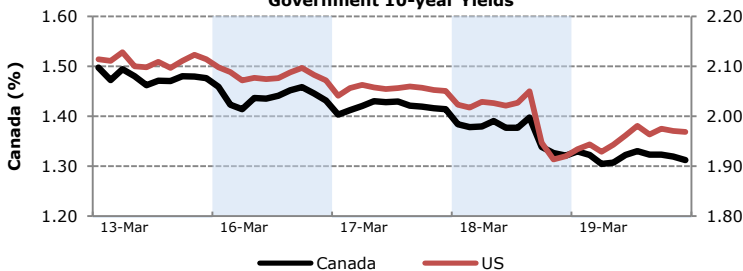
Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
None Scheduled				

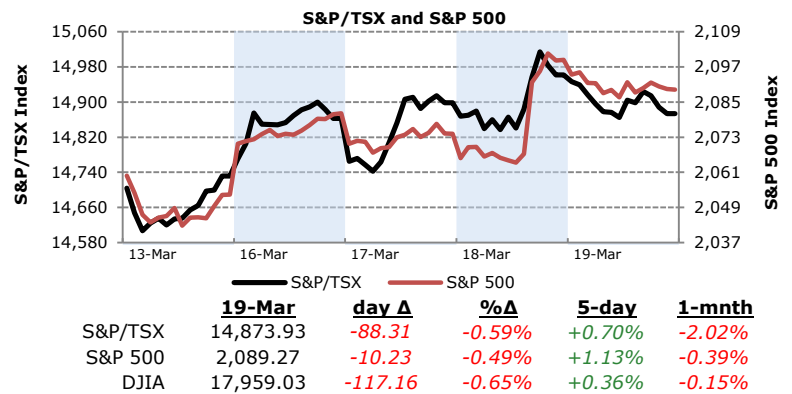
Canada	Period	Survey	Actual	Prior
BOC CPI Core (YoY)		2.10%	2.10%	2.2%
Retail Sales (MoM)		-1.70%	-1.80%	-1.80%
Consumer Price Index		1%	1%	1%

Interest Rates

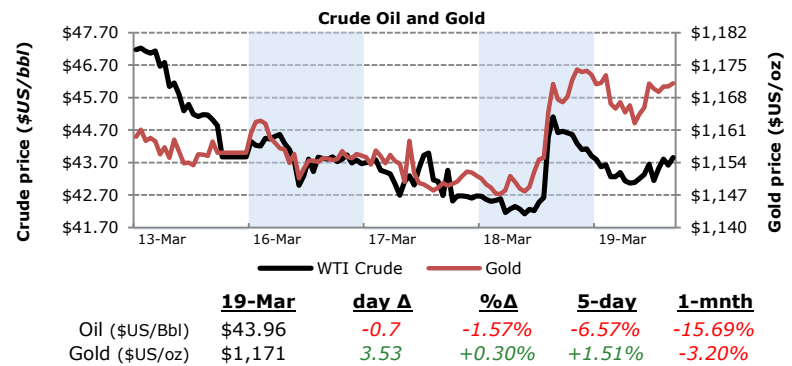
Government 10-year Yields



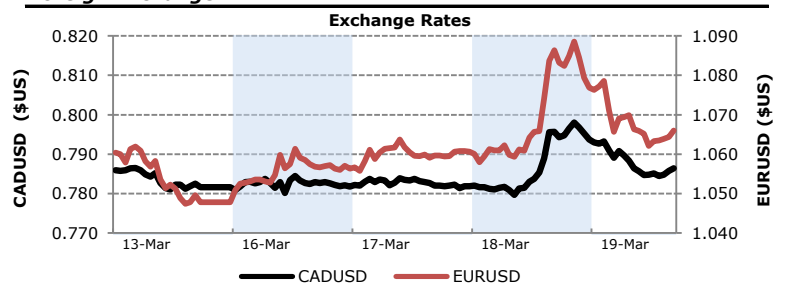
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	19-Mar	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.272		+0.015	1.269	1.246	1.124
EURUSD	\$1.066		-0.020	1.064	1.140	1.383
USDJPY	¥120.78		+0.670	121.290	118.79	102.32

	Government 10-year Yields		Historical levels		
	19-Mar	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.31%	-0.009%	1.51%	1.81%	2.48%
United States	1.97%	0.049%	2.14%	2.16%	2.77%

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

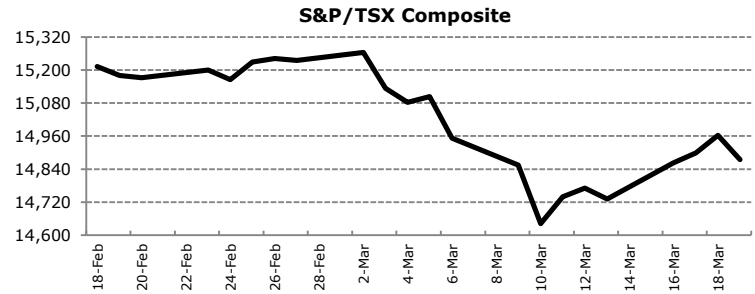


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

	19-Mar	day Δ	%Δ
S&P/TSX	14,873.93	-88.31	-0.59%

	Trailing S&P/TSX	TSX 60
5-day	+0.70%	+0.68%
1-month	-2.02%	-1.72%
3-months	+2.80%	+3.11%
6-months	-2.56%	-1.49%
12-months	+3.77%	+5.82%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.24%	-0.06%	+1.63%	+27.80%
C. Staples	-1.16%	+1.55%	-0.42%	+39.83%
Energy	-2.74%	-0.08%	-8.39%	-26.63%
Financials	-0.33%	-0.33%	-1.86%	+4.11%
Healthcare	+1.09%	+4.00%	+10.06%	+34.09%
Info Tech	+0.54%	+0.79%	+1.88%	+36.85%
Industrials	-0.25%	+1.17%	+0.31%	+15.93%
Materials	-0.59%	+0.33%	-7.70%	-13.25%
Metals & Mining	-1.40%	-2.09%	-6.89%	-15.41%
Telecom	-0.15%	+0.11%	-4.06%	+3.67%
Utilities	-0.56%	+0.80%	-0.04%	+8.01%

TSX Top Performers

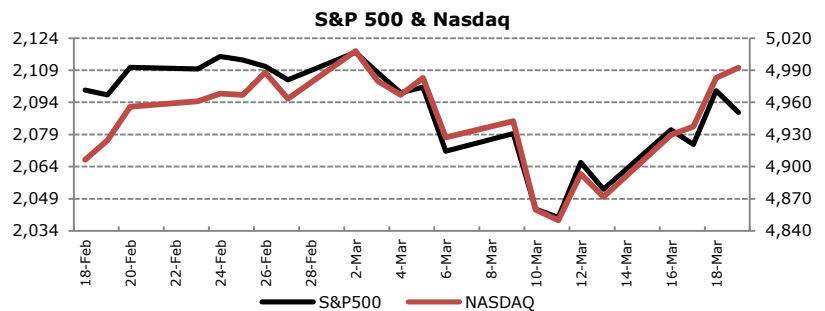
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Pacific Rubiales Energy C		+6.42%	-6.93%	-32.54%	-84.43%
Semafo Inc		+5.68%	+15.34%	+0.26%	-9.07%
Brp Inc/Ca- Sub Voting		+4.99%	+10.87%	+1.02%	-22.67%
China Gold International		+4.90%	+1.35%	-25.00%	-52.08%
Primero Mining Corp		+4.62%	+9.69%	+3.61%	-48.13%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Rmp Energy Inc		-25.98%	-25.40%	-46.89%	-59.31%
Painted Pony Petroleum		-6.94%	-4.73%	-12.38%	-24.32%
Birchcliff Energy Ltd		-6.34%	+3.67%	-16.56%	-37.20%
Raging River Exploration		-6.22%	-4.24%	-3.90%	-2.28%
Crew Energy Inc		-5.67%	-1.58%	-17.11%	-39.52%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing 19-Mar	2,089.27	17,959.03	4,992.38
1-day	-0.49%	-0.65%	+0.19%
5-day	+1.13%	+0.36%	+2.02%
1-month	-0.39%	-0.15%	+1.37%
3-months	+0.90%	+0.87%	+4.76%
6-months	+3.92%	+3.93%	+9.01%
12-months	+12.28%	+10.71%	+15.90%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.17%	+0.54%	+1.50%	+15.14%
C. Staples	-0.46%	-0.11%	-2.15%	+14.34%
Energy	-1.69%	+1.51%	-5.95%	-12.09%
Financials	-0.98%	-0.18%	+0.67%	+10.55%
Healthcare	+0.53%	+3.61%	+4.20%	+25.24%
Info Tech	-0.17%	+1.84%	-1.09%	+18.41%
Industrials	-0.68%	+0.77%	-1.05%	+9.96%
Materials	-1.74%	-2.43%	-5.27%	+3.64%
Telecom	-0.84%	+0.61%	-1.25%	+5.11%
Utilities	-0.99%	+2.21%	-2.06%	+10.96%

DJIA Top Performers

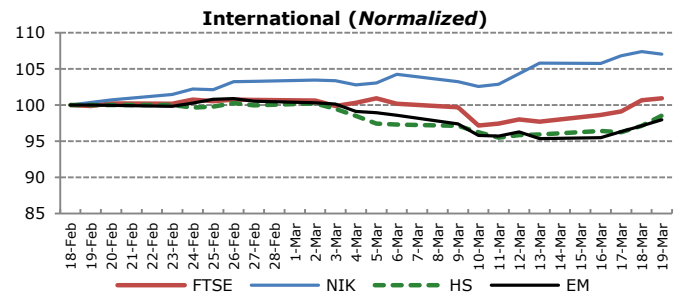
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Merck & Co. Inc.		+0.97%	+3.63%	-1.02%	+3.96%
Nike Inc -CI B		+0.83%	+1.32%	+6.82%	+24.22%
Unitedhealth Group Inc		+0.67%	+5.12%	+10.34%	+51.03%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Du Pont (E.I.) De Nemours		-1.97%	-7.33%	-2.19%	+12.77%
Exxon Mobil Corp		-1.93%	+0.23%	-9.60%	-9.94%
Chevron Corp		-1.83%	+2.27%	-7.12%	-9.07%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing Last Close	6,962.32	19,476.56	24,468.89	964.97
1-day	+0.25%	-0.35%	+1.45%	+0.86%
5-day	+2.98%	+2.56%	+2.82%	+1.73%
1-month	+1.07%	+6.63%	-1.46%	-2.04%
3-months	+6.37%	+10.53%	+5.85%	+2.16%
6-months	+1.82%	+19.33%	+0.67%	-8.44%
12-months	+5.92%	+34.67%	+13.45%	+1.51%

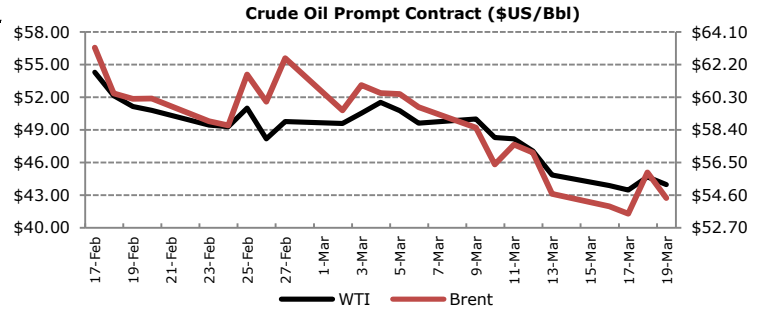


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Nymex WTI Crude Oil

(\$US/Bbl)	19-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$43.96	-\$0.70	-1.57%	-6.57%	-15.69%
Cal 15	\$49.47	-\$1.33	-2.62%	-6.19%	-8.35%
Cal 16	\$56.50	-\$1.48	-2.55%	-4.47%	-7.21%

(\$US/bbl)	Q3-15	Q4-15	Q1-16	Q2-16	2016
Consensus Forecast	\$59.80	\$66.00	\$68.00	\$70.50	\$70.00
Current Forward	\$50.13	\$52.65	\$54.52	\$56.02	\$56.50



Inventory Levels (as of Mar-13)

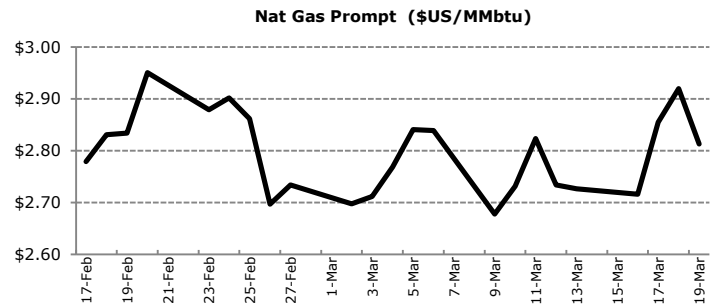
(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	458,508	+9,622	337,426	319,411
Motor Gas	235,400	-4,473	214,389	200,481
Distillates	125,883	+380	171,756	140,851

UK Brent Crude Oil

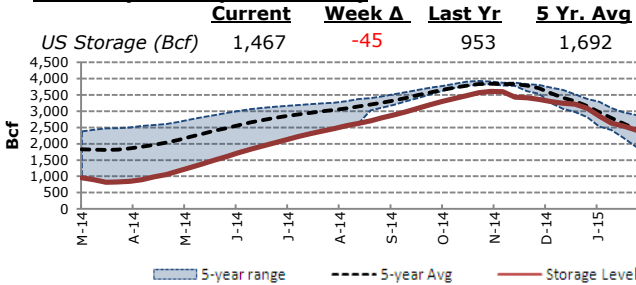
(\$US/Bbl)	19-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$54.43	-\$1.48	-2.72%	-4.64%	-10.08%

Nymex Natural Gas

(\$US/MMbtu)	19-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.81	-\$0.11	-3.66%	+2.89%	-0.64%
Apr15-Oct15	\$2.90	-\$0.09	-3.10%	+2.51%	+4.72%
Nov15-Mar16	\$3.22	-\$0.05	-1.48%	+1.46%	+1.31%
Apr16-Oct16	\$3.13	-\$0.03	-1.03%	-0.23%	-2.10%
Nov16-Mar17	\$3.46	-\$0.03	-0.84%	-0.01%	-2.65%



Inventory Levels (as of Mar-13)

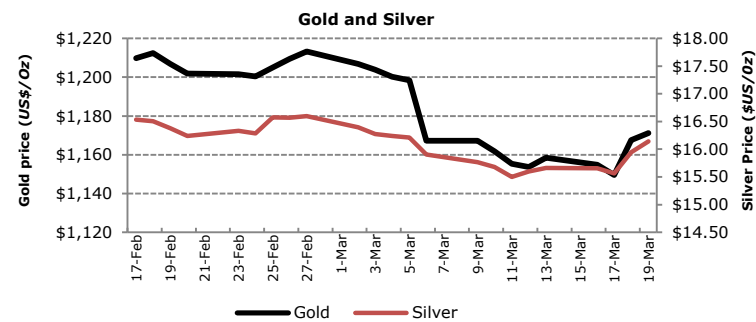


Alberta Natural Gas

(\$CAD/GJ)	19-Mar	day Δ	%Δ
AECO Apr-15	\$2.62	-\$0.07	-2.7%

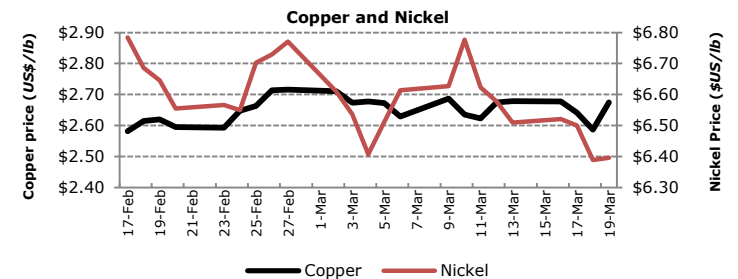
Precious Metals

\$US/oz	19-Mar	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,171.11	+\$3.53	+0.3%	+1.5%	-3.2%	-0.3%
Silver	\$16.14	+\$0.20	+1.2%	+3.5%	-2.4%	+2.7%
Platinum	\$1,125	+\$6.10	+0.5%	+0.7%	-4.5%	-5.7%



Industrial Metals

\$US/lb	19-Mar	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.67	+\$0.09	+3.4%	0.0%	+3.6%	-7.0%
Nickel	\$6.40	+\$0.01	+0.1%	-2.8%	-5.7%	-11.4%
Zinc	\$0.99	+\$0.01	+0.6%	-0.5%	-6.5%	-7.0%
Aluminum	\$0.87	+\$0.01	+1.2%	+1.2%	-1.1%	-3.3%
Uranium	\$40.15	+\$0.40	+1.0%	+1.9%	+4.6%	+10.3%



Agriculture & Other

	19-Mar	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.74	-\$0.01	-0.3%	-3.9%	-4.7%
Wheat (\$US/bu)	\$5.12	+\$0.01	+0.2%	+0.9%	-2.2%
Soybeans (\$US/bu)	\$9.62	-\$0.03	-0.3%	-2.9%	-3.8%
Rough Rice (\$US/cwt)	\$10.93	-\$0.12	-1.1%	+2.3%	-1.7%
Sugar #11 (¢US/lb)	¢12.62	¢0.11	-0.9%	-4.5%	-15.9%
Lean Hogs (¢US/lb)	¢74.53	¢0.60	-0.8%	-1.6%	-6.0%
Live Cattle (¢US/lb)	¢150.23	¢1.75	+1.2%	+2.5%	+3.8%
Cotton No.2 (\$US/lb)	\$0.63	+\$0.00	+0.8%	+2.8%	-3.6%
Lumber (\$US/Mbft)	\$280.20	+\$1.50	+0.5%	+0.3%	-6.1%

Commodity ETFs

	19-Mar	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$6.48	-\$0.56	-8.0%	-15.3%	-36.3%
HBP Nat Gas U	\$4.27	-\$0.26	-5.7%	+4.4%	-0.5%
iShares Gold ETF	\$10.41	-\$0.02	-0.2%	+1.5%	-3.5%
\$USD					
US Crude Oil	\$16.08	-\$0.68	-4.1%	-7.80%	-18.7%
US Nat Gas	\$14.26	-\$0.41	-2.8%	2.59%	+0.5%
PSDB Agriculture	\$22.26	-\$0.09	-0.4%	-0.67%	-5.5%
PSDB Base Metals	\$14.89	-\$0.03	-0.2%	0.74%	-1.8%

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Interest Rates

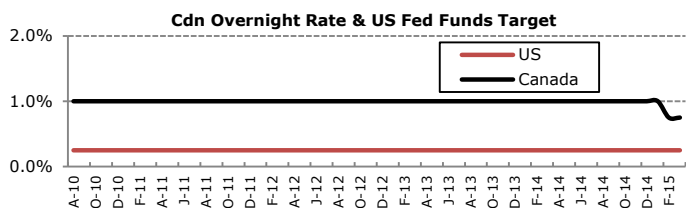
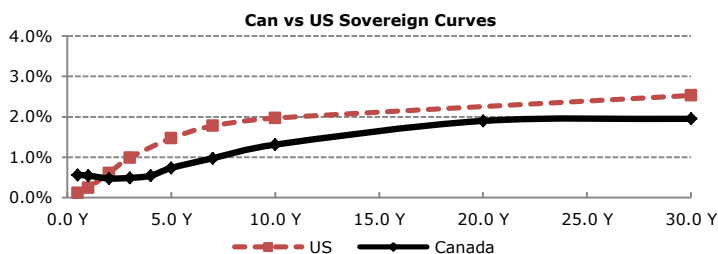
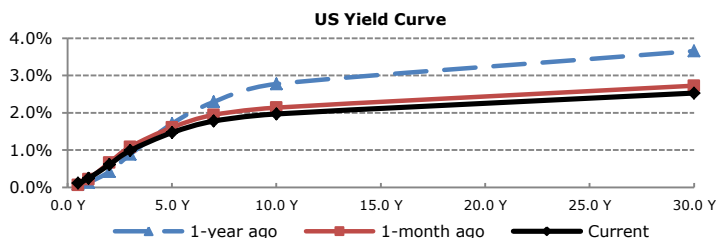
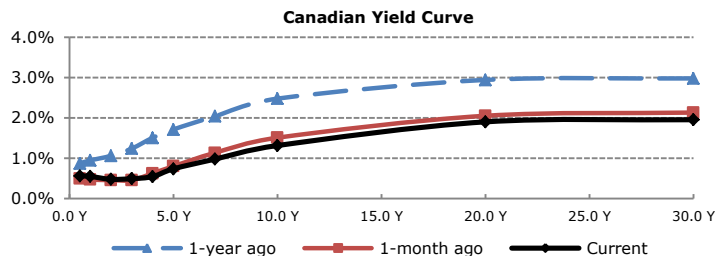
Canadian yield curve

	19-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.53%	-	0.52%	0.90%	0.84%
6-mnth	0.56%	-	0.49%	0.93%	0.87%
12-mnth	0.55%	-0.01%	0.47%	0.98%	0.94%
2-year	0.48%	-0.01%	0.46%	1.01%	1.06%
5-year	0.73%	-0.00%	0.80%	1.37%	1.71%
10-year	1.31%	-0.01%	1.51%	1.81%	2.48%
20-year	1.90%	-0.02%	2.05%	2.31%	2.94%
30-year	1.95%	-0.02%	2.13%	2.34%	2.98%

US yield curve

	19-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-0.02%	0.01%	0.03%	0.05%
6-mnth	0.12%	+0.01%	0.06%	0.11%	0.08%
12-mnth	0.24%	+0.05%	0.22%	0.24%	0.13%
2-year	0.61%	+0.06%	0.66%	0.64%	0.42%
5-year	1.47%	+0.08%	1.61%	1.65%	1.71%
10-year	1.97%	+0.05%	2.14%	2.16%	2.77%
30-year	2.53%	+0.02%	2.73%	2.75%	3.66%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.75%	0.75%	15-Apr-15	0.60%
US Fed Funds	0.25%	0.25%	29-Apr-15	0.35%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	19-Mar	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.272	+0.015		1.246	1.167	1.124
EURUSD	\$1.066	-0.020		1.140	1.244	1.383
USDJPY	¥120.78	+0.670		118.79	117.82	102.32
GBPUSD	\$1.475	-0.023		1.544	1.564	1.654
AUDUSD	\$0.765	-0.013		0.781	0.821	0.904

	Spot	19-Mar	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥94.98	-0.611		95.37	100.94	91.04
CADAUD	\$1.028	+0.004		1.028	1.044	0.984
GBP CAD	£1.876	-0.006		1.923	1.825	1.859
EURJPY	¥128.74	-1.760		135.39	146.53	141.54
EURAUD	\$1.39	-0.004		1.46	1.51	1.53

Economic Releases

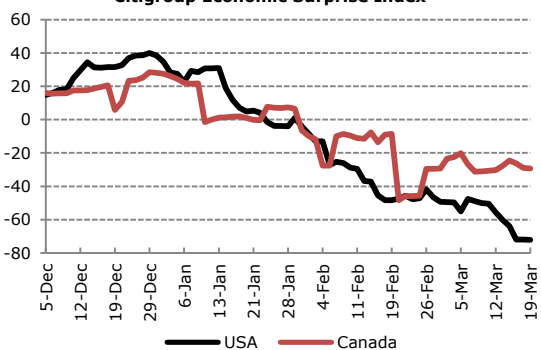
United States

Period	Survey	Actual	Prior
Mon, Mar 16 Industrial Production	0.2K	0.1K	0.2K
Tue, Mar 17 Housing Starts	1040K	897K	1065K
Thu, Mar 19 Leading Indicators	0.2%	0.2%	0.2%
Thu, Mar 19 Continuing Claims	2400K	2417K	2418K
Thu, Mar 19 Intial Jobless Claims	293K	291K	289K

Canada

Period	Survey	Actual	Prior
Tue, Mar 17 Manufacturing Sales (MoM)	-1.15%	-1.7%	1.7%
Fri, Mar 20 BOC CPI Core (YoY)	2.1%	2.2%	2.2%
Fri, Mar 20 Retail Sales (MoM)	-0.8%	-2%	0.4%
Fri, Mar 20 Consumer Price Index	1%	1%	1.5%

Citigroup Economic Surprise Index

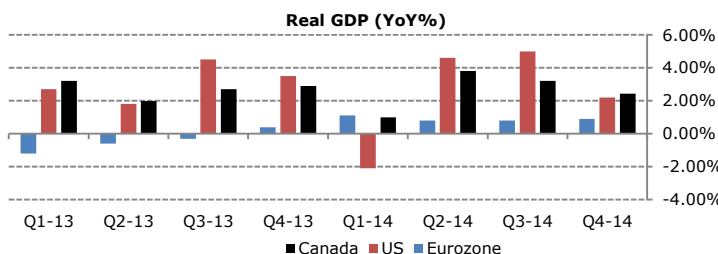


Economics

Canada	Q1-14	Q2-14	Q3-14	Q4-14	2013E
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%

US	Q1-14	Q2-14	Q3-14	Q4-14	2013E
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%

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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