

## Commentary

Markets were down Friday with the S&P500 and Dow falling 1.85% and 1.29% to 1,880.05 and 16,204.97 respectively. The Canadian markets were generally flat, with the S&P/TSX declining 0.08%. Investors were disappointed with the sharp deceleration in new US jobs - with declines in the education, transportation and temporary worker sectors. Technology stocks were hit hard as well, as shares of LinkedIn fell 44% to \$108.38, after the social network announced a weaker outlook for 2016. In bond markets, the US 10yr and Canadian 10yr yield fell 0.4bps and 1.9bps respectively. Finally in commodities, Brent crude oil, the international benchmark, fell 40 cents to \$34.06 in London while gold edged up cents to \$1,157.70 an ounce.

China's foreign exchange reserves dropped to a three-year low of \$3.23 trillion in January, down \$99.5 billion from a month prior. Fears over the country's slowing economy are causing investors to sell renminbi and buying dollar-denominated assets, causing Beijing to continue to sell dollars to support its depreciating currency and stem capital outflows. China's premier, Li Keqiang, met with a group of academics and finance experts on Friday and expressed his commitment of pulling the country out of the slump by deepening its reforms. China is adamant on reducing its reliance on debt-fuelled investment, which has been one of its main sources of growth over the past seven years. The country grew by 6.9% last year, below its 7% target. Beijing pointed towards weak global trade as the reason for its lower-than-expected growth, stating that growth "should be above 7%" if international conditions were better.

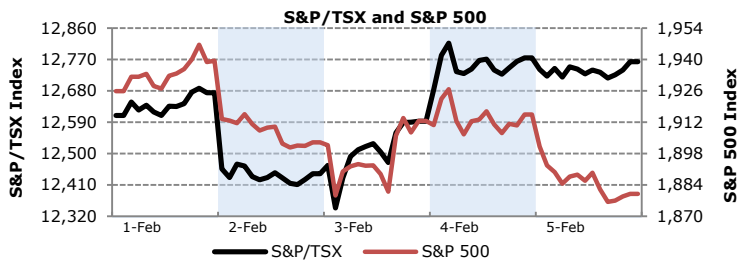
Employment data in the US shows that 151,000 jobs were created in January, lower than survey expectations of 190,000 jobs. The US jobless rate fell to a 8 year low of 4.9% and average hourly earnings also rose by 12 cents, equivalent to a 2.5% growth year-on-year. Contrary to past trends, labour force participation rose by 0.1 points to 62.7%, highlighting the strength of employment data. The relative strong employment data help boost investors confidence, after economist previously stated that the US faces a 20 percent risk of recession. With the slowdown in major emerging markets and a strong dollar, many investors previously thought the Fed would stay in the sidelines for the rest of the year. However, the relative strong job data shows that the US is recovering more rapidly than other economies and this trend may allow the Fed to raise rates again later this year.

## Major Economic Releases

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

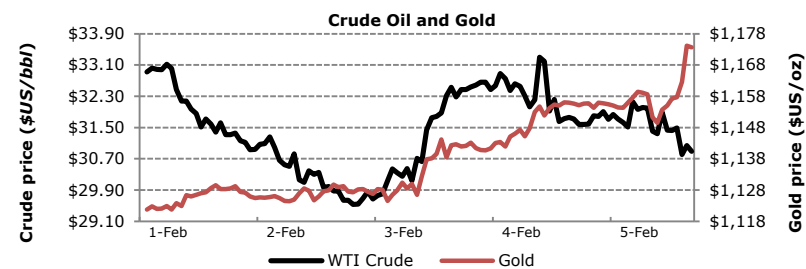
## Market Movements

### Equities



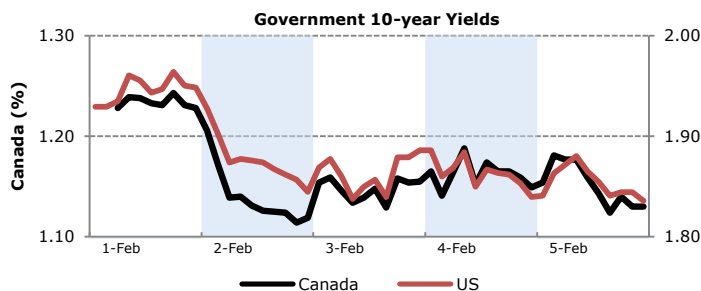
	5-Feb	day Δ	%Δ	5-day	1-mnth
S&P/TSX	12,763.99	-10.51	-0.08%	-0.45%	-1.21%
S&P 500	1,880.05	-35.4	-1.85%	-3.10%	-6.78%
DJIA	16,204.97	-211.61	-1.29%	-1.59%	-5.56%

### Commodities



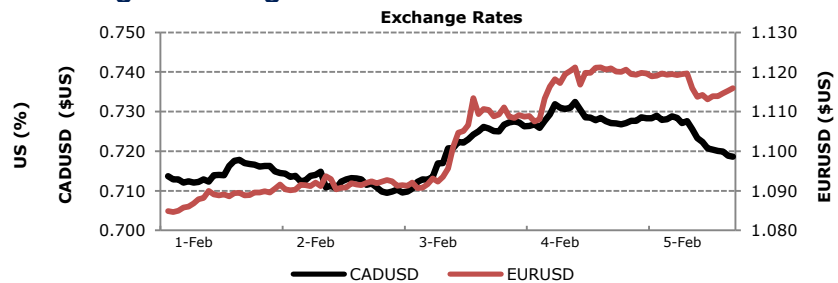
	5-Feb	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$31.72	0	+0.00%	-5.65%	-4.66%
Gold (\$US/oz)	\$1,156	0	+0.00%	+3.35%	+5.66%

### Interest Rates



	Government 10-year Yields				
	5-Feb	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.15%	0.000%	1.33%	1.72%	1.37%
United States	1.84%	0.000%	2.17%	2.33%	1.82%

### Foreign Exchange



	Exchange Rates				
	Spot	5-Feb	day Δ	-5 days	-1 mnth
USDCAD				1.398	1.412
EURUSD				1.083	1.093

## 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

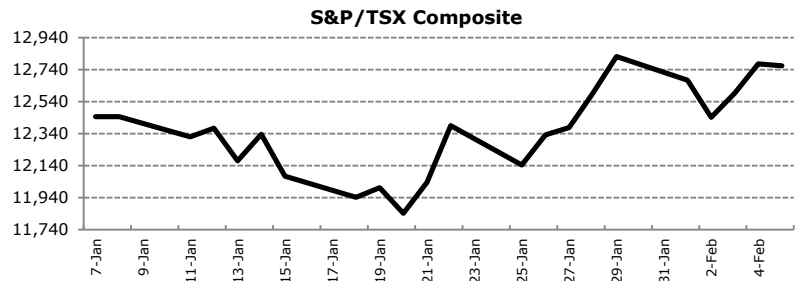


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

### Canadian Indicies

TSX	5-Feb	day Δ	%Δ
	12,763.99	-10.51	-0.08%
Trailing			
S&P/TSX	TSX 60		
5-day	-0.45%	-0.37%	
1-month	-1.21%	-0.79%	
3-months	-5.86%	-5.40%	
6-months	-11.99%	-12.32%	
12-months	NA	NA	



### Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-1.30%	-2.11%	-6.22%	NA
C. Staples	-0.24%	-1.50%	+2.28%	NA
Energy	+0.17%	-2.11%	-4.15%	NA
Financials	-0.19%	-1.79%	-2.37%	NA
Healthcare	-0.22%	+1.39%	-14.31%	NA
Info Tech	-4.00%	-6.48%	-8.81%	NA
Industrials	-0.84%	-1.70%	-4.13%	NA
Materials	+2.72%	+9.48%	+5.83%	NA
Metals & Mining	-0.68%	+10.17%	-12.78%	NA
Telecom	+0.15%	+2.44%	+3.41%	NA
Utilities	+0.52%	+1.74%	+8.02%	NA

### TSX Top Performers

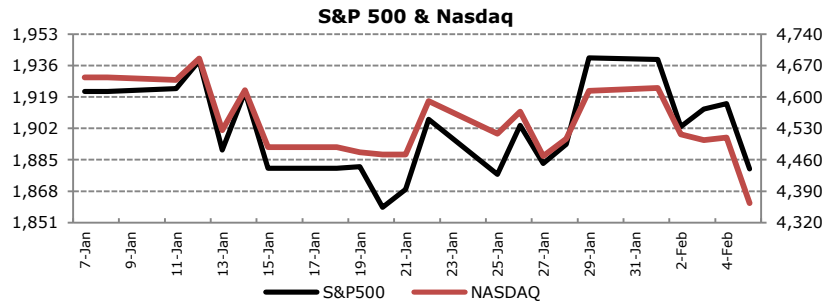
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Kinross Gold Corp	+14.23%	+38.96%	+23.94%	-25.00%
Silver Standard Resources	+11.61%	+22.95%	+4.90%	-1.83%
Pan American Silver Corp	+10.97%	+26.13%	+24.92%	-20.80%
Alamos Gold Inc-Class A	+9.02%	+19.04%	+11.02%	-24.13%
Iamgold Corp	+8.86%	+26.47%	+16.22%	-21.58%

### TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Sierra Wireless Inc	-24.50%	-27.14%	-29.86%	-67.30%
Kinaxis Inc	-13.12%	-19.36%	-21.35%	+94.64%
Primero Mining Corp	-12.79%	-35.53%	-31.61%	-52.93%
Bombardier Inc-B	-8.05%	-18.37%	-38.93%	-72.79%
Descartes Systems Grp/The	-6.78%	-6.78%	-15.58%	+21.09%

### US Indices

Trailing	S&P 500	DJIA	Nasdaq
5-Feb	1,880.05	16,204.97	4,363.14
1-day	-1.85%	-1.29%	-3.25%
5-day	-3.10%	-1.59%	-5.44%
1-month	-6.78%	-5.56%	-10.80%
3-months	-10.47%	-9.28%	-14.91%
6-months	-10.47%	-7.61%	-15.11%
12-months			



### S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-3.19%	-5.43%	-8.54%	NA
C. Staples	-0.13%	-2.26%	-1.22%	NA
Energy	-2.03%	-3.35%	-6.64%	NA
Financials	-1.37%	-3.67%	-10.77%	NA
Healthcare	-1.96%	-3.31%	-9.47%	NA
Info Tech	-3.35%	-5.37%	-8.19%	NA
Industrials	-1.05%	-0.19%	-4.82%	NA
Materials	-1.05%	+4.76%	-4.75%	NA
Telecom	+0.76%	+2.06%	+7.15%	NA
Utilities	+0.31%	+2.52%	+6.99%	NA

### DJIA Top Performers

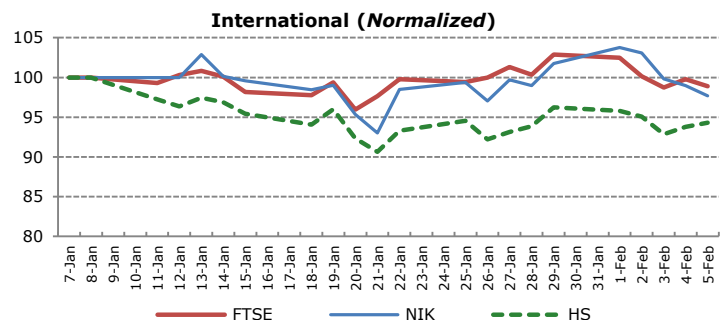
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Merck & Co. Inc.	+1.63%	-2.55%	-7.09%	-16.55%
Verizon Communications In	+1.07%	+2.00%	+9.61%	+6.50%
Wal-Mart Stores Inc	+0.87%	+0.96%	+6.48%	-23.24%

### DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Nike Inc - Cl B	-4.99%	-7.81%	-8.35%	+22.50%
Mcdonald'S Corp	-4.36%	-6.77%	-3.19%	+22.32%
Home Depot Inc	-3.86%	-7.42%	-10.73%	+6.83%

### International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,848.06	16,819.59	19,288.17	739.61
1-day	-0.86%	-1.32%	+0.55%	+0.01%
5-day	-3.87%	-3.99%	-2.01%	-0.37%
1-month	-4.71%	-8.46%	-8.97%	-3.75%
3-months	-8.12%	-12.01%	-16.32%	-14.41%
6-months	-13.39%	-18.41%	-21.32%	-17.08%
12-months				



### Oil & Gas

#### Nymex WTI Crude Oil

(\$US/Bbl)	5-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$31.72	+\$0.00	+0.00%	-5.65%	-4.66%
Cal 16					
Cal 17					

(\$US/bbl)

Consensus Forecast

Current Forward

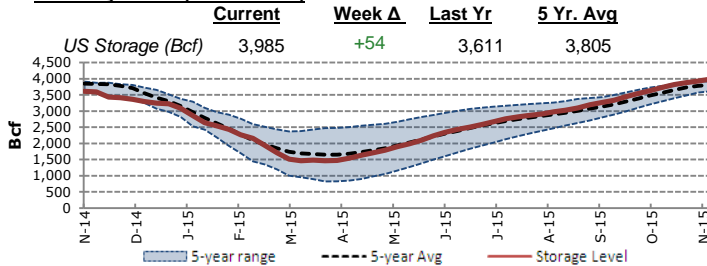
#### Inventory Levels (as of Jan-08)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	482,558	+234	337,426	319,411
Motor Gas	240,434	+8,438	214,389	200,481
Distillates	165,554	+6,136	171,756	140,851

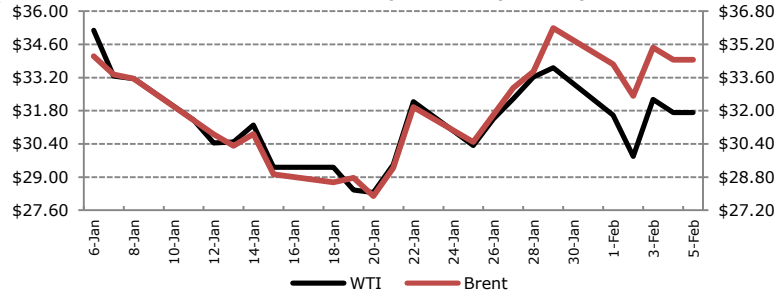
#### Nymex Natural Gas

(\$US/MMbtu)	5-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$1.97	+\$0.00	+0.00%	-14.19%	-17.21%

#### Inventory Levels (as of Nov-06)



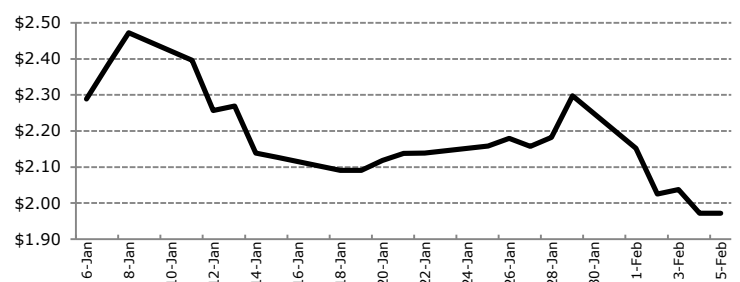
#### Crude Oil Prompt Contract (\$US/Bbl)



#### UK Brent Crude Oil

(\$US/Bbl)	5-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$34.46	+\$0.00	+0.00%	-4.25%	+2.10%

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



#### Alberta Natural Gas

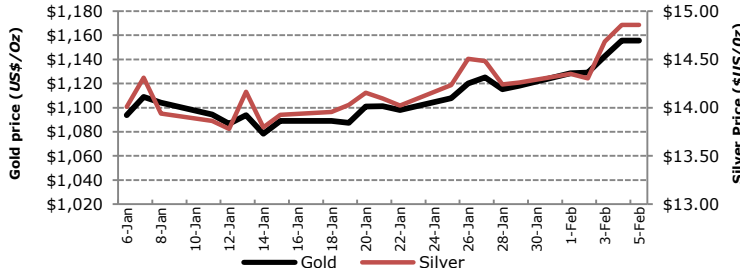
(\$CAD/GJ)	5-Feb	day Δ	%Δ
AECO Mar-16	\$1.82	+\$0.00	+0.0%

### Other Commodities

#### Precious Metals

\$US/oz	5-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,155.60	+\$0.00	+0.0%	+3.3%	+5.7%	+6.5%
Silver	\$14.86	+\$0.00	+0.0%	+4.2%	+6.1%	+3.9%
Platinum	\$909	+\$0.00	+0.0%	+4.4%	+3.7%	+3.6%

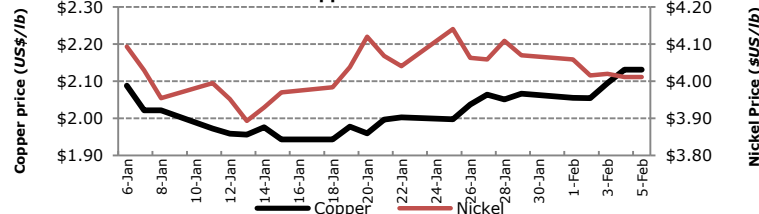
#### Gold and Silver



#### Industrial Metals

\$US/lb	5-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.13	+\$0.00	0.0%	+3.1%	+2.1%	-1.9%
Nickel	\$4.01	+\$0.00	0.0%	-1.5%	-2.0%	-10.3%
Zinc	\$0.85	+\$0.00	0.0%	+5.6%	+7.8%	+6.6%
Aluminum	\$0.75	+\$0.00	0.0%	0.0%	+2.7%	+1.4%
Uranium	\$34.45	+\$0.00	0.0%	-0.6%	-1.6%	-4.3%

#### Copper and Nickel



#### Agriculture & Other

	5-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.69	+\$0.00	+0.0%	-0.9%	+4.4%
Wheat (\$US/bu)	\$4.73	+\$0.00	+0.0%	-1.4%	+0.9%
Soybeans (\$US/bu)	\$8.75	+\$0.00	+0.0%	-0.9%	+1.2%
Rough Rice (\$US/cwt)	\$11.05	+\$0.00	+0.0%	-2.6%	-4.9%
Sugar #11 (#US/lb)	¢12.89	±0.00	+0.0%	-1.9%	-12.6%
Lean Hogs (#US/lb)	¢70.25	±0.00	+0.0%	-0.6%	+7.1%
Live Cattle (#US/lb)	¢135.65	±0.00	+0.0%	+1.2%	+1.0%
Cotton No.2 (\$US/lb)	\$0.60	+\$0.00	+0.0%	-1.5%	-2.0%
Lumber (\$US/Mbft)	\$250.40	+\$0.00	+0.0%	+4.2%	+1.7%

#### Commodity ETFs

	5-Feb	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U					
HBP Nat Gas U					
iShares Gold ETF		NA	NA		
<b>\$USD</b>					
US Crude Oil	\$9.12	+\$0.00	+0.0%	-5.49%	-9.8%
US Nat Gas	\$7.28	+\$0.00	+0.0%	-14.25%	-14.0%
PSDB Agriculture	\$20.03	+\$0.00	+0.0%	0.20%	-0.5%
PSDB Base Metals	\$12.05	+\$0.00	+0.0%	2.90%	+4.7%

### Interest Rates

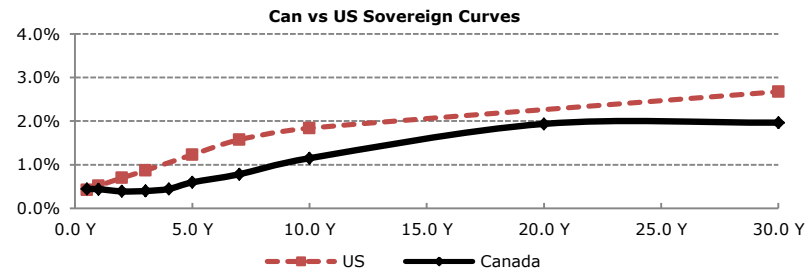
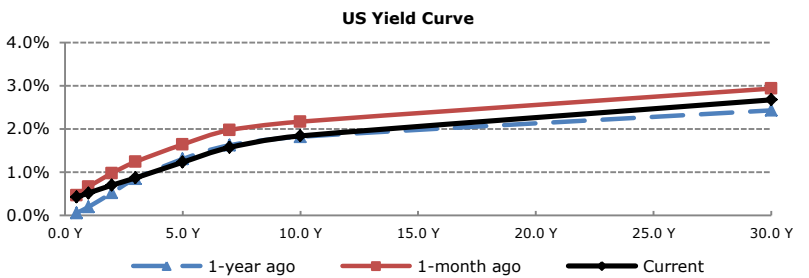
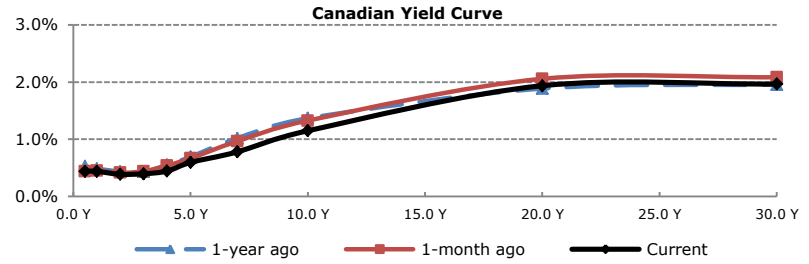
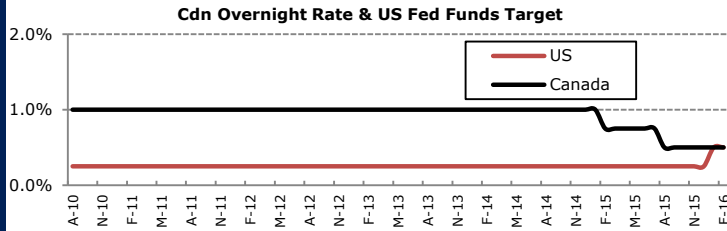
#### Canadian yield curve

	5-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.45%	-	0.45%	0.43%	0.54%
6-mnth	0.44%	-	0.44%	0.46%	0.53%
12-mnth	0.44%	-	0.45%	0.53%	0.49%
2-year	0.39%	-	0.42%	0.68%	0.44%
5-year	0.60%	-	0.67%	1.03%	0.69%
10-year	1.15%	-	1.33%	1.72%	1.37%
20-year	1.94%	-	2.06%	2.40%	1.89%
30-year	1.97%	-	2.09%	2.42%	1.96%

#### US yield curve

	5-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.29%	-	0.20%	0.08%	0.01%
6-mnth	0.42%	-	0.46%	0.31%	0.06%
12-mnth	0.52%	-	0.66%	0.43%	0.19%
2-year	0.70%	-	0.98%	0.89%	0.52%
5-year	1.23%	-	1.64%	1.73%	1.30%
10-year	1.84%	-	2.17%	2.33%	1.82%
30-year	2.68%	-	2.94%	3.09%	2.43%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.50%	-	9-Mar-16	-
US Fed Funds	0.50%	-	16-Mar-16	-



### Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	5-Feb	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	1.412	-	-	1.412	1.317	1.253
EURUSD	1.093	-	-	1.093	1.088	1.132
USDJPY	117.67	-	-	117.67	121.75	119.12
GBPUSD	1.462	-	-	1.462	1.521	1.524
AUDUSD	0.701	-	-	0.701	0.714	0.780

	Spot	5-Feb	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	83.37	-	-	83.37	92.44	95.12
CADAUD	1.010	-	-	1.010	1.063	1.024
GBPCAD	2.063	-	-	2.063	2.003	1.909
EURJPY	128.62	-	-	128.62	132.51	134.79
EURAUD	1.56	-	-	1.56	1.52	1.45

### Economic Releases

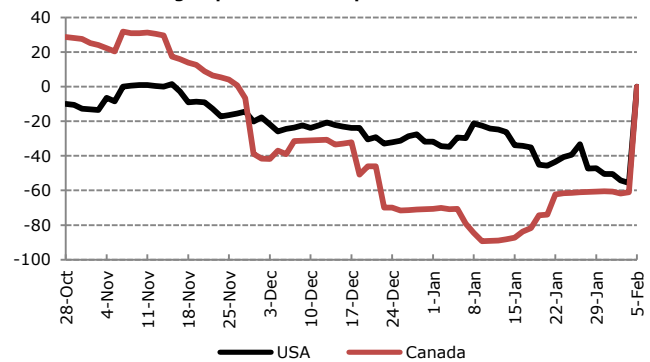
#### United States

	Period	Survey	Actual	Prior
Thu, Feb 11	Continuing Claims	-	-	2255K
Thu, Feb 11	Initial Jobless Claims	-	-	285K
Fri, Feb 12	Advance Retail Sales	-	-	-0.1%

#### Canada

	Period	Survey	Actual	Prior
Mon, Feb 08	Building Permits (MoM)	-	-19.6%	9.1%
Mon, Feb 08	Housing Starts	-	165.9K	172.965K

#### Citigroup Economic Surprise Index

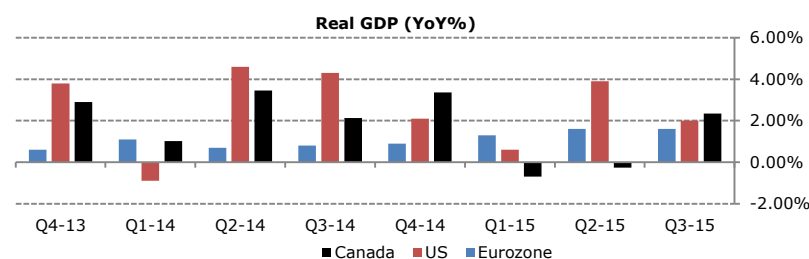


### Economics

	Q4-14	Q1-15	Q2-15	Q3-15
<b>Canada</b>				
Real GDP	3.36%	-0.69%	-0.26%	2.34%
CPI	1.97%	1.07%	0.90%	1.20%
Unemployment	6.70%	6.80%	6.80%	7.10%
<b>US</b>				
Real GDP	2.10%	0.60%	3.90%	2.00%
CPI	1.27%	-0.07%	-0.03%	0.13%
Unemployment	5.60%	5.50%	5.30%	5.10%

#### China

Real GDP

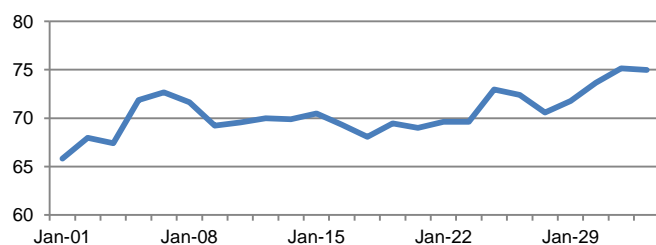


### Deal Highlights

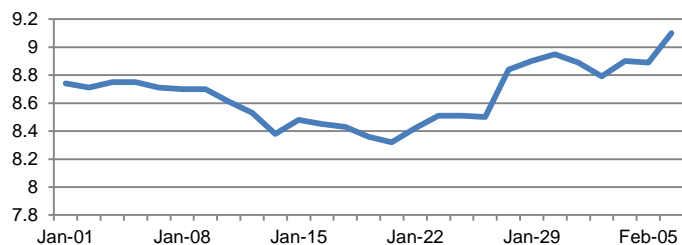
Four years ago, home improvement retailer Lowe's was turned down from their hostile bid for Rona, its Canadian competitor. On Wednesday last week, Lowe's tried again, this time with a friendly takeover deal to acquire Rona for CAD\$3.2 billion in cash - CAD\$24 per common share and CAD\$20 per preferred share. This offer is about double Rona's closing price on Tuesday. Rona's shares closed up 98% to CAD\$23.30, roughly matching Lowe's offer. Should this deal go through, Lowe's will overtake Home Depot's Canadian unit and become the leading home improvement retailer in the country. Lowe's Chairman and CEO said the main difference between this deal and its attempt four years ago is that they have "unanimous approval and support from the board of directors at Rona." Lowe's has 42 stores in Canada, with expansion plans down the road following their abandonment of the Australian market. Rona operates more than 500 corporate-owned and independent stores, including many small outlets in rural communities. In order to ease political hurdles, Lowe's plans to move its Canadian HQ to Quebec and continue to buy from Canadian suppliers.

Qube Holdings Ltd. alongside North American and Chinese investors made a sweetened offer for Australian freight logistics company Asciano Ltd. valued at A\$9 billion (\$6.4 billion), topping an existing bid from Canada's Brookfield Asset Management Inc. Asciano has given Brookfield 5 five days to match or beat Qube's superior cash and stock offer of A\$9.24 a share and in response Brookfield has said they are working on an all cash offer that would amount to A\$9.28 a share. The battle for control of Melbourne-based Asciano is still in doubt because Brookfield can't legally submit another proposal within the matching period that expires at the end of February 15. Asciano has said that at this stage, there's "no certainty that a new Brookfield Infrastructure proposal would be made or the timing of such proposal." Asciano rose 2.3 percent to A\$9.09 at 11:28am in Sydney compared with a 0.4% decline in the benchmark S&P/ASX Index.

Lowes (share price)



Asciano (share price)



### Select Canadian Deals

Date	Company	Acquirer	Seller	Deal	Value (mm)	Status
8-Feb-16	Lake Shore Gold Corp	Tahoe Resources Inc		Merger & Acquisition	771	Pending
3-Feb-16	RONA Inc	Lowe's Cos Inc		Merger & Acquisition	2852	Pending
3-Feb-16	Blockstream Corp	Digital Garage Inc		Merger & Acquisition	76	Pending
2-Feb-16	Interest in the West Edson area:	Tourmaline Oil Corp		Merger & Acquisition	183	Pending
2-Feb-16	Deep Basin and Alberta facility	Tidewater Midstream	Time Inc	Merger & Acquisition	87	Pending
1-Feb-16	Amaya Inc	Management Group	TransForce Inc	Merger & Acquisition	4888	Pending
1-Feb-16	Elantan & Isoket & Deponit	Merus Labs International Inc		Merger & Acquisition	140	Pending
1-Feb-16	SNC-Lavalin Malta Ltd	Flughafen Wien AG		Merger & Acquisition	96	Proposed
29-Jan-16	at Lakes Power Transmission	Hydro One Ltd	404564 Ontario Ltd	Merger & Acquisition	523	Proposed
28-Jan-16	Dematic Corp	Potential Buyer		Merger & Acquisition	2809	Proposed
27-Jan-16	Montney natural gas assets/C/	Enbridge Inc		Investment	538	Pending
27-Jan-16	Athabasca Oil Corp	Murphy Oil Corp		Merger & Acquisition	475	M&A

### Select US Deals

Date	Company	Acquirer	Seller	Deal	Value (mm)	Status
8-Feb-16	2 buildings/Madison Avenue	Jamestown	George Comfort & Sons Inc, Loeb Partners Realty LLC	Merger & Acquisition	1150	Proposed
3-Feb-16	RONA Inc	Lowe's Cos Inc		Merger & Acquisition	2062	Pending
3-Feb-16	Jasper Technologies Inc	Cisco Systems Inc	AllianceBernstein LP	Merger & Acquisition	1400	Proposed
1-Feb-16	Alere Inc	Abbott Laboratories		Merger & Acquisition	8040	Pending
1-Feb-16	Questar Corp	Dominion Resources Inc/VA		Merger & Acquisition	5965	Pending
1-Feb-16	Sage Products Inc	Stryker Corp	Madison Dearborn Partners LLC	Merger & Acquisition	2775	Pending
29-Jan-16	Axiell Corp	Westlake Chemical Corp		Merger & Acquisition	2903	Proposed
28-Jan-16	Dematic Corp	Potential Buyer	Teachers' Private Capital	Merger & Acquisition	2000	Proposed
26-Jan-16	Abacus Innovations Corp	Leidos Holdings Inc	Lockheed Martin Corp	Merger & Acquisition	6038	Pending
26-Jan-16	Terex Corp	Zoomlion Heavy Industry Scienc		Merger & Acquisition	4852	Pending
26-Jan-16	TransFirst Inc	Total System Services Inc	Vista Equity Partners LLC	Merger & Acquisition	2350	Pending

### Global Equity Offering League Tables (YTD 2015)

Manager	Vol (MM USD)	Issues	Fees(%)	Table Share(%)
JP Morgan	3,508	16	2.82	14.1
UBS	3,069	10	3.19	12.3
Bank of America Merrill L	2,111	13	2.77	8.5
Citi	1,603	10	2.06	6.4
Goldman Sachs	1,387	11	3.03	5.6
Morgan Stanley	1,376	13	4.21	5.5
Credit Suisse	1,115	7	1.20	4.5
Barclays	1,108	3	6.00	4.5
RBC Capital Markets	831	9	3.28	3.3
Wells Fargo	783	4	2.90	3.1

### Canadian Equity Offering League Tables (YTD 2015)

Manager	Vol (MM USD)	Issues	Fees(%)	Table Share(%)
TD Securities	131	1	--	37.6
RBC Capital Markets	131	1	--	37.6
Cormark Securities In	25	2	6.00	7.2
GMP Securities	21	2	6.00	5.9
Paradigm Capital Inc	15	1	6.00	4.3
Cantor Fitzgerald	8	1	6.00	2.4
Clarus Securities	6	1	--	1.6
Mackie Research Cap	6	1	--	1.6
Pacific International S	3	2	10.00	0.8
Haywood Securities	3	1	--	0.7