

Commentary

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American equity markets sank during intraday trading yesterday and moderately rebounded to end the day in the red, with the S&P 500 falling 1.42% to 1,853.44 and the Dow dropping 1.10% to 16,027.05. Canadian equity markets fell further, with the TSX tumbling 1.79% to close at 12,535.40. Fear and concerns over global outlook continues to take a toll on the market. A majority of the intraday decline can be attributed to investors unloading their shares in financial and technology companies. Investors are seeking safer assets as gold spot prices rose 0.71% to 1,197.65. Bond markets also rallied as the US and Canadian 10yr yield fell by 8.7bps to 1.75% and 8.0bps to 1.05%, respectively. As of yesterday, more than \$7tn of government bonds offer negative yields globally, as Japan's 10yr yield fell into negative territory for the first time on record.

Investors have increased their buying of protection against declining bank bond prices amid growing fears over the health of large financial institutions. The US' main credit default swap (CDS) index traded with a spread of 120bps, a level unseen since 2012. Deutsche Bank led a decline in global bank stocks on Monday with its shares declining almost 10% and the spread on its CDS jumping to 236bps, wider than any point during the financial crisis. Further concern is placed upon more subordinated debt in European banks, namely contingent convertible ("CoCo") bonds which convert to equity when a bank's capital ratio falls below a certain threshold. Other banks, such as Santander's and UniCredit's CoCos have been viewed with caution, as the prospect emerge of coupon payments being missed. According to CEO John Cryan, Deutsche Bank will prioritize its CoCo payments - which are paid from the reserves used for equity dividend and bonus payments.

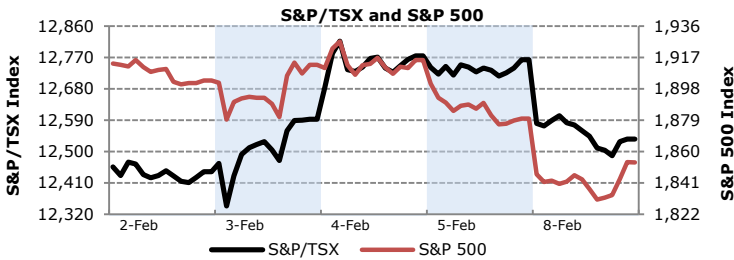
In response to a selloff in European bank bonds, Deutsche Bank AG has become the largest lender in the last four years to feel compelled to ensure its investors that it has sufficient means to pay coupons on its riskiest debt both this year and 2017. As investors flee to safe havens, a mounting concern amongst the world's biggest commercial banks is ballooning bank risk. The cost of protecting Deutsche Bank's debt against default has more than doubled this year, while its stock trades about one third of the company's liquidation value. Deutsche Bank joins a long list of banks trading below tangible book value, including Citigroup, Credit Suisse, Morgan Stanley, and Goldman Sachs. The global stock market rout comes while Deutsche embarks on an ambitious overhaul of their securities unit; the selloff is complicating that task by reducing revenue from investment banking and making parts of the business more expensive to exit, hampering efforts to ultimately plow more earnings into capital.

Major Economic Releases

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

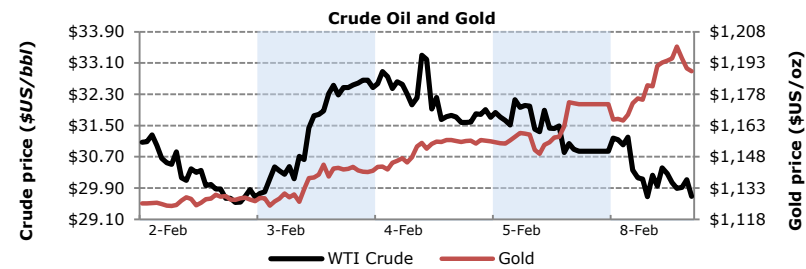
Market Movements

Equities



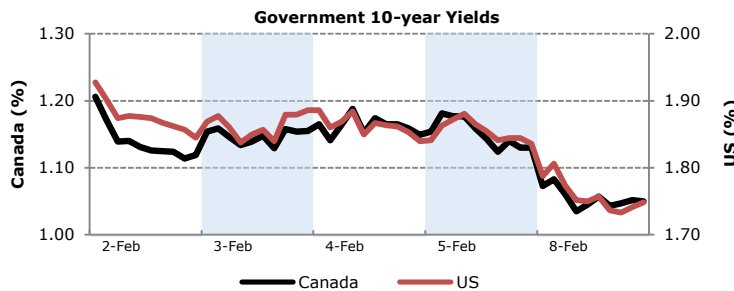
	8-Feb	day Δ	%Δ	5-day	1-mnth
S&P/TSX	12,535.40	-228.59	-1.79%	-1.10%	+0.72%
S&P 500	1,853.44	-26.61	-1.42%	-4.43%	-3.57%
DJIA	16,027.05	-177.92	-1.10%	-2.57%	-1.95%

Commodities



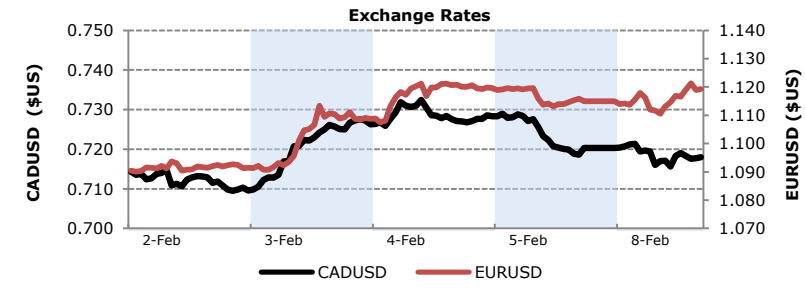
	8-Feb	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$29.69	-1.2	-3.88%	-6.10%	-10.46%
Gold (\$US/oz)	\$1,189	15.43	+1.31%	+5.39%	+7.72%

Interest Rates



	Government 10-year Yields				
	8-Feb	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.05%	-0.080%	1.30%	1.71%	1.45%
United States	1.75%	-0.087%	2.12%	2.34%	1.96%

Foreign Exchange



	(USDCAD implies \$1-USD to CAD)				
	Spot	8-Feb	day Δ	-5 days	-1 mnth
USDCAD	\$1.393	\$1.393	+0.001	1.395	1.417
EURUSD	\$1.119	\$1.119	+0.004	1.089	1.092

Master of Financial Economics Program



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<http://www.economics.utoronto.ca/index.php/index/mfe/>

Rotman Finance Association

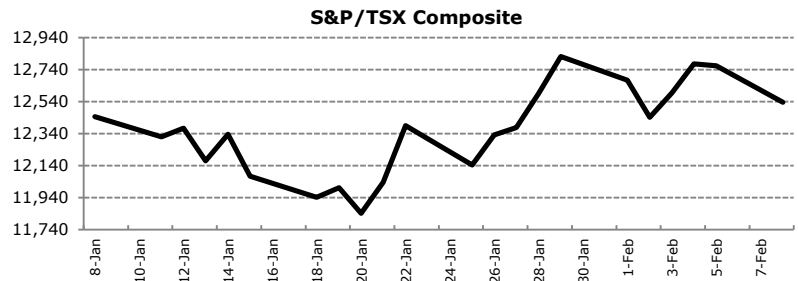


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<http://www.rotmanfinanceassociation.com>

Canadian Indices

TSX	8-Feb	day Δ	%Δ
	12,535.40	-228.59	-1.79%
Trailing	S&P/TSX	TSX 60	
5-day	-1.10%	-0.90%	
1-month	+0.72%	+1.23%	
3-months	-7.51%	-7.09%	
6-months	-12.36%	-12.65%	
12-months	-16.90%	-16.19%	



Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-2.63%	-4.90%	-4.18%	-15.13%
C. Staples	-2.30%	-2.82%	-0.60%	+7.81%
Energy	-2.43%	-0.82%	+1.18%	-34.62%
Financials	-2.02%	-2.46%	-0.53%	-9.18%
Healthcare	-5.41%	-5.79%	-11.96%	-10.22%
Info Tech	-2.58%	-8.81%	-7.51%	-7.44%
Industrials	-0.42%	-1.01%	+0.24%	-20.75%
Materials	+0.83%	+10.53%	+6.41%	-26.19%
Metals & Mining	-3.16%	+9.92%	-1.16%	-55.40%
Telecom	-1.25%	+0.49%	+3.52%	+7.27%
Utilities	-0.20%	+2.23%	+9.67%	-4.58%

TSX Top Performers

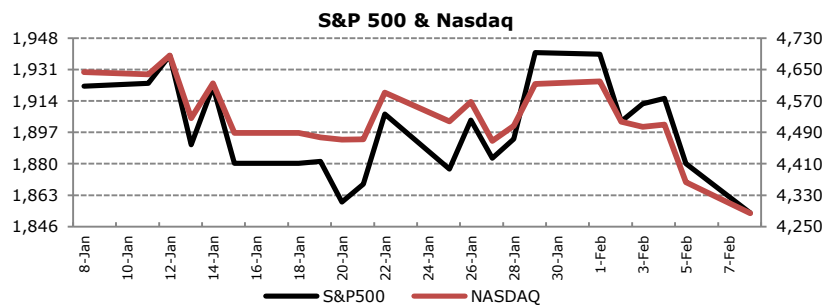
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Oceanagold Corp	+11.04%	+19.61%	+23.59%	+51.22%
Yamana Gold Inc	+10.97%	+39.92%	+25.09%	-32.05%
Iamgold Corp	+8.14%	+32.86%	+18.72%	-11.15%
Semafo Inc	+7.87%	+18.06%	+0.24%	+3.16%
Goldcorp Inc	+7.32%	+27.77%	+16.06%	-28.35%

TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Meg Energy Corp	-12.05%	-13.70%	-32.15%	-79.91%
Intertain Group Ltd/The	-9.55%	-13.67%	-15.82%	-54.05%
Paramount Resources Ltd -	-9.54%	+11.79%	-5.56%	-85.28%
Hudbay Minerals Inc	-9.18%	+2.97%	-40.04%	-72.33%
Norbord Inc	-9.05%	-16.74%	-20.43%	-29.06%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
8-Feb	1,853.44	16,027.05	4,283.75
1-day	-1.42%	-1.10%	-1.82%
5-day	-4.43%	-2.57%	-7.29%
1-month	-3.57%	-1.95%	-7.75%
3-months	-11.71%	-10.52%	-16.77%
6-months	-10.79%	-7.75%	-15.06%
12-months	-9.83%	-10.08%	-9.71%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-1.97%	-7.75%	-6.58%	-5.60%
C. Staples	-0.25%	-2.72%	+0.89%	+0.69%
Energy	+0.07%	-1.44%	+0.63%	-28.50%
Financials	-2.64%	-5.67%	-7.74%	-15.46%
Healthcare	-1.40%	-4.70%	-6.76%	-9.07%
Info Tech	-1.63%	-7.09%	-4.79%	-6.27%
Industrials	-0.87%	-0.74%	-0.48%	-10.50%
Materials	-2.71%	+1.51%	-1.16%	-20.40%
Telecom	-0.38%	+0.74%	+10.53%	+0.80%
Utilities	-0.41%	+1.05%	+7.53%	-0.41%

DJIA Top Performers

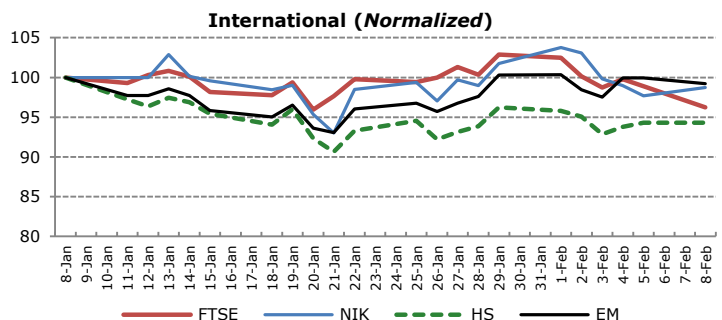
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Chevron Corp	+3.75%	+0.82%	+4.70%	-21.55%
Procter & Gamble Co/The	+1.75%	+1.85%	+8.75%	-3.49%
Johnson & Johnson	+1.45%	-2.27%	+3.91%	+0.89%

DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Visa Inc-Class A Shares	-5.27%	-8.89%	-7.01%	+1.37%
Goldman Sachs Group Inc	-4.61%	-6.51%	-8.96%	-18.63%
Home Depot Inc	-3.93%	-11.59%	-9.73%	+2.58%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,689.36	17,004.30		734.13
1-day	-2.71%	+1.10%		-0.74%
5-day	-6.12%	-4.82%		-1.16%
1-month	-3.77%	-3.92%		-0.80%
3-months	-10.46%	-11.74%		-13.88%
6-months	-15.32%	-17.95%		-17.05%
12-months	-16.99%	-3.65%		-24.98%



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Oil & Gas

Nymex WTI Crude Oil

(\$US/Bbl)	8-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$29.69	-\$1.20	-3.88%	-6.10%	-10.46%
Cal 16	\$35.75	-\$0.97	-2.65%	-3.24%	-12.12%
Cal 17	\$42.01	-\$0.65	-1.53%	-0.82%	-7.29%

(\$US/bbl)	Q2-16	Q3-16	Q4-16	Q1-17	2017
Consensus Forecast	\$37.02	\$42.50	\$47.00	\$47.55	\$52.88
Current Forward	\$33.33	\$36.97	\$38.98	\$40.47	\$42.01

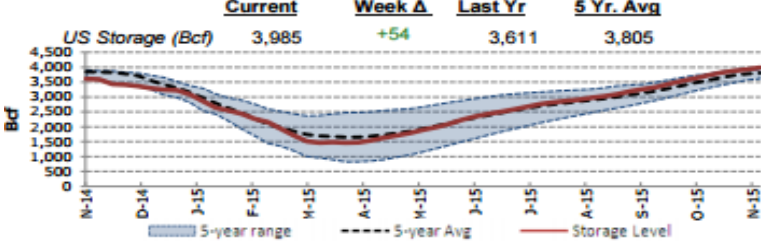
Inventory Levels (as of Jan-08)

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

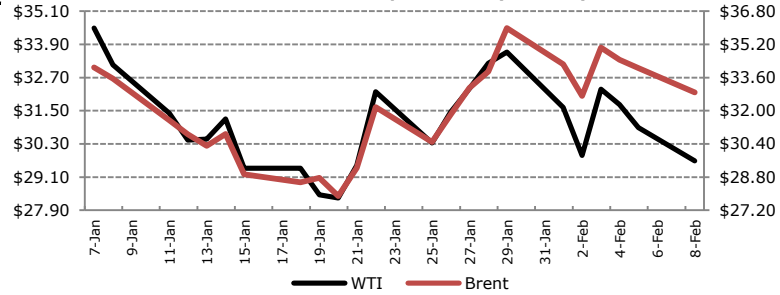
Nymex Natural Gas

(\$US/MMbtu)	8-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.14	+\$0.08	+3.73%	-0.56%	-13.43%
Apr16-Oct16	\$2.33	+\$0.04	+1.62%	-1.02%	-4.97%
Nov16-Mar17	\$2.73	+\$0.01	+0.31%	+0.02%	-2.08%
Apr17-Oct17	\$2.66	-\$0.02	-0.67%	+0.25%	-3.12%
Nov17-Mar18	\$2.95	-\$0.03	-0.84%	+0.07%	+1.80%

Inventory Levels (as of Nov-06)



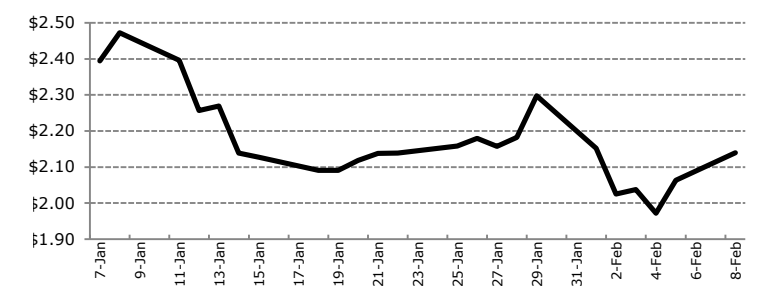
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	8-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$32.88	-\$1.18	-3.59%	-3.97%	-2.00%

Nat Gas Prompt (\$US/MMbtu)



Iberia Natural Gas

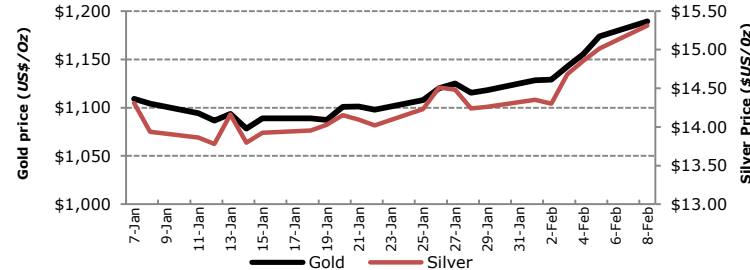
(\$CAD/GJ)	8-Feb	day Δ	%Δ
AECO Mar-16	\$2.00	+\$0.05	+2.5%

Other Commodities

Precious Metals

\$US/oz	8-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,189.25	+\$15.43	+1.3%	+5.4%	+7.7%	+9.7%
Silver	\$15.31	+\$0.30	+2.0%	+6.7%	+9.9%	+7.4%
Platinum	\$925	+\$13.00	+1.4%	+6.3%	+5.1%	+7.2%

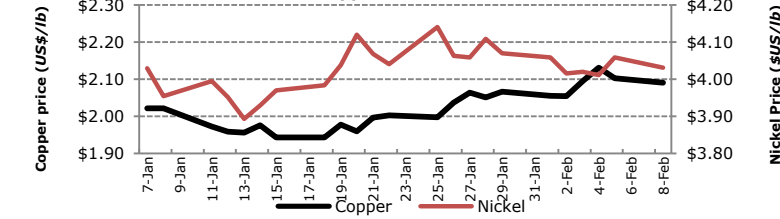
Gold and Silver



Industrial Metals

\$US/lb	8-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.09	-\$0.01	-0.6%	+1.7%	+3.4%	-3.6%
Nickel	\$4.03	-\$0.03	-0.7%	-0.7%	+2.0%	-9.1%
Zinc	\$0.86	+\$0.00	+0.4%	+5.9%	+14.3%	+8.2%
Aluminum	\$0.76	+\$0.00	0.0%	0.0%	+5.6%	+4.1%
Uranium	\$34.15	-\$0.25	-0.7%	-1.3%	-1.0%	-5.1%

Copper and Nickel



Agriculture & Other

	8-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.62	-\$0.04	-1.0%	-2.4%	+1.5%
Wheat (\$US/bu)	\$4.59	-\$0.08	-1.8%	-3.5%	-4.2%
Soybeans (\$US/bu)	\$8.63	-\$0.05	-0.6%	-2.1%	-0.3%
Rough Rice (\$US/cwt)	\$10.92	-\$0.20	-1.8%	-0.8%	-7.8%
Sugar #11 (#US/lb)	¢13.45	+¢0.18	+1.4%	+4.8%	-7.0%
Lean Hogs (#US/lb)	¢69.73	-¢0.58	-0.8%	-1.4%	+6.9%
Live Cattle (#US/lb)	¢131.40	-¢3.00	-2.2%	-2.3%	-1.8%
Cotton No.2 (\$US/lb)	\$0.60	-\$0.00	-0.6%	-3.5%	-2.9%
Lumber (\$US/Mbft)	\$251.40	-\$1.40	-0.6%	+4.4%	+1.7%

Commodity ETFs

	8-Feb	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$2.91	-\$0.20	-6.4%	-9.3%	-26.3%
HBP Nat Gas U	\$11.39	+\$0.61	+5.7%	-4.4%	-29.4%
iShares Gold ETF	\$10.59	+\$0.19	+1.8%	+6.3%	+8.6%
\$USD					
US Crude Oil	\$8.64	-\$0.27	-3.0%	-4.21%	-11.8%
US Nat Gas	\$7.82	+\$0.28	+3.7%	-0.64%	-15.1%
PSDB Agriculture	\$19.78	-\$0.14	-0.7%	-1.49%	-1.7%
PSDB Base Metals	\$11.98	+\$0.17	+1.4%	1.78%	+5.6%

Interest Rates

Canadian yield curve

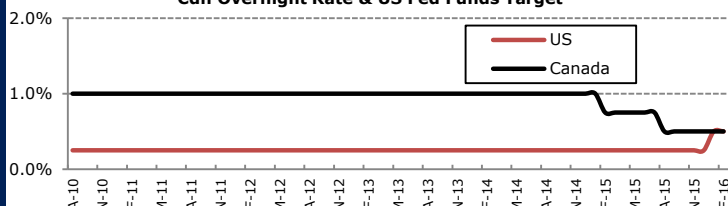
	8-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.45%	-	0.44%	0.44%	0.54%
6-mnth	0.44%	-	0.44%	0.47%	0.54%
12-mnth	0.41%	-0.03%	0.44%	0.54%	0.51%
2-year	0.34%	-0.03%	0.42%	0.66%	0.50%
5-year	0.51%	-0.07%	0.64%	1.01%	0.78%
10-year	1.05%	-0.08%	1.30%	1.71%	1.45%
20-year	1.85%	-0.08%	2.03%	2.38%	1.97%
30-year	1.87%	-0.08%	2.06%	2.40%	2.03%

US yield curve

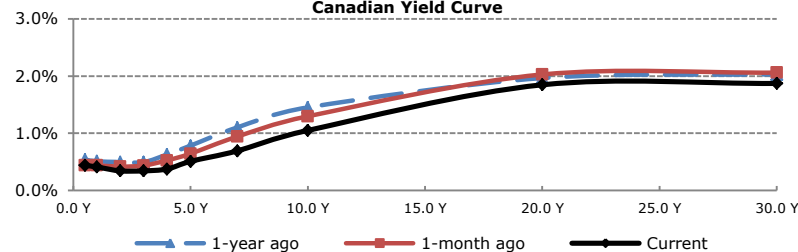
	8-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.26%	-0.03%	0.19%	0.13%	0.02%
6-mnth	0.41%	-0.03%	0.44%	0.33%	0.08%
12-mnth	0.51%	-0.03%	0.62%	0.44%	0.24%
2-year	0.67%	-0.06%	0.93%	0.87%	0.64%
5-year	1.16%	-0.08%	1.56%	1.72%	1.48%
10-year	1.75%	-0.09%	2.12%	2.34%	1.96%
30-year	2.58%	-0.09%	2.91%	3.12%	2.53%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.50%	0.50%	7-Mar-16	0.50%
US Fed Funds	0.50%	0.50%	16-Mar-16	0.50%

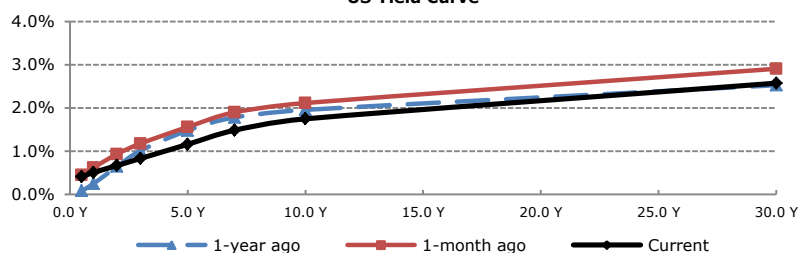
Cdn Overnight Rate & US Fed Funds Target



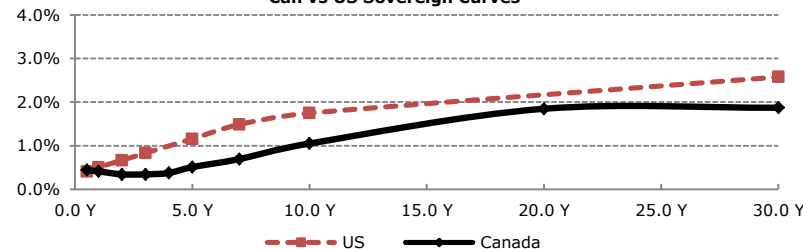
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	8-Feb	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.393	\$1.393	+0.001	1.417	1.331	1.247
EURUSD	\$1.119	\$1.119	+0.004	1.092	1.074	1.133
USDJPY	¥115.85	¥115.85	-1.020	117.26	123.13	118.64
GBPUSD	\$1.443	\$1.443	-0.007	1.452	1.505	1.522
AUDUSD	\$0.709	\$0.709	+0.002	0.695	0.704	0.780

	Spot	8-Feb	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥83.18	¥83.18	-0.792	82.75	92.53	95.16
CADAUD	\$1.013	\$1.013	-0.003	1.015	1.067	1.028
GBPCAD	£2.010	£2.010	-0.008	2.057	2.003	1.897
EURJPY	¥129.67	¥129.67	-0.740	128.12	132.25	134.35
EURAUD	\$1.58	\$1.58	+0.001	1.57	1.52	1.45

Economic Releases

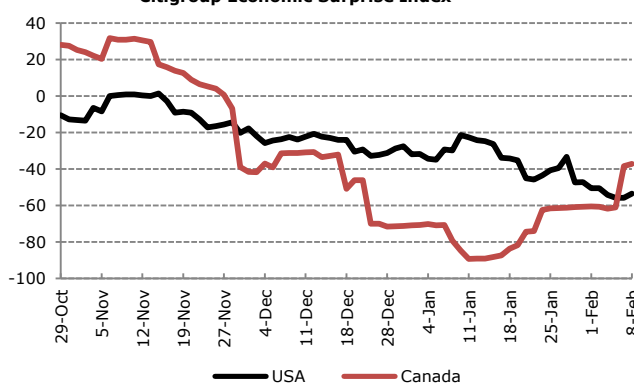
United States

	Period	Survey	Actual	Prior	
Thu, Feb 11	Continuing Claims	30-Jan	2247.5K	--	2255K
Thu, Feb 11	Initial Jobless Claims	6-Feb	280K	--	285K
Fri, Feb 12	Advance Retail Sales	31-Jan	0.1%	--	-0.1%

Canada

	Period	Survey	Actual	Prior	
Mon, Feb 08	Building Permits (MoM)	31-Jan	6.2%	--	-19.6%

Citigroup Economic Surprise Index



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