

## Commentary

Equity markets south of the border were mixed yesterday; the S&P 500 was little changed, falling 0.02% to 1,851.86, while the Dow declined 0.62% to 15,914.74. Canadian equity markets fell further, ending the day 0.79% down to 12,185.72. Bond markets, on the other hand, rallied as investors switched into safer asset classes. The yield on the US 10yr Treasury fell 5.8bps to 1.67% and the yield on the Canadian 10yr Note fell 4.7bps to 1.00%. In a surprise move, Sweden's central bank cut its main repo rate by 15bps to -0.50%, despite a booming economy. This comes as the central bank has fears of being unable to attain its target 2% inflation rate. Unlike its European and Japanese counterparts which also have interest rates below 0%, Sweden has had very strong economic growth, but weak inflation, causing a policy dilemma for its central bank. It forecasts its GDP growth rate to be 3.5% this year, down slightly from 3.7% last year; however, YoY core inflation for the nation was just 0.9% in December. Sweden's central bank has been under scrutiny in recent years, as economists believe it has made many premature policy changes.

FED Chair Janet Yellen suggested that the central bank might delay, but not abandon, planned interest-rate increases in response to recent turmoil in financial markets. In Yellen's semi annual testimony to congress, she stated that global turbulence had significantly tightened financial conditions by pushing down stock prices, pushing up the dollar, and raising borrowing costs. Yellen stated that if these developments prove persistent, they could weigh on outlook for economic activity and also the labour market. In spite of the big movement in markets, Yellen conveyed a message of calm from the Federal Reserve, stating that in their analysis they hadn't seen a steep drop-off in economic growth, either in the U.S. or globally. She forecasted that the American economy would bounce back this quarter after slowing in the final three months of 2015. The FED anticipates acceleration in wage gains now that unemployment has fallen to an eight year low. Yellen was non-committal on whether the FED would follow the lead of some other central banks and push rates below zero if the economy deteriorated significantly.

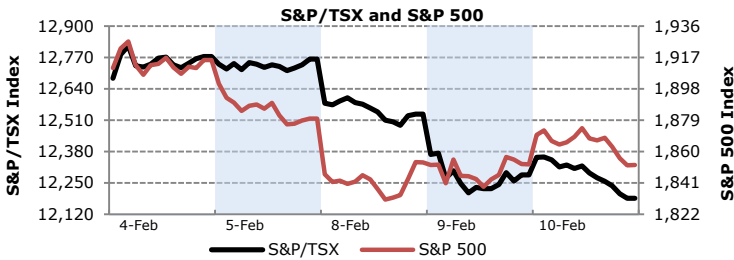
Gold prices jumped to its highest levels in 8-months after Yellen's Congress hearing where she cited a slower China, falling commodity prices and central bank inefficacy as headwinds to the US economy. The bullion immediately rallied by up to 1.5% to \$1,214.64 per ounce in response. Year to date, gold has increased by 14% from the global financial turbulence, while the US dollar has fallen 1.3%. As investors seek gold as an alternative to equities as a wealth-preservation tool, the World Gold Council reported a boost in gold consumption within China and India this year. The two countries, which represent over 50% of global consumer demand last year, is forecasted to demand more this year, with a weaker RMB as a main driver. Demand for bars and coins in China jumped 25% in the fourth quarter of 2015.

## Major Economic Releases

United States	Period	Survey	Actual	Prior	Canada	Period	Survey	Actual	Prior
Continuing Claims	30-Jan	2245K	2239K	2255K	None Scheduled				
Initial Jobless Claims	6-Feb	280K	269K	285K					

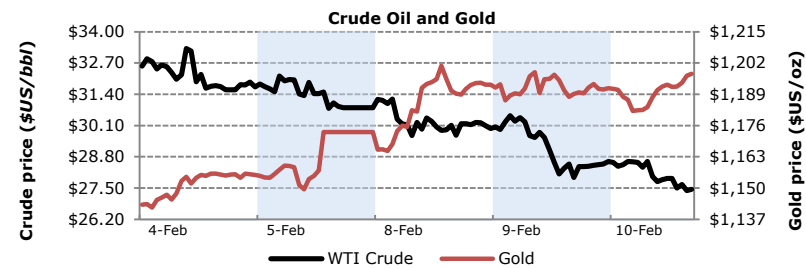
## Market Movements

### Equities



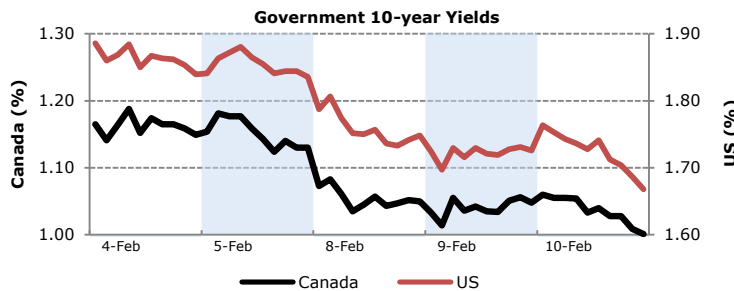
	10-Feb	day Δ	%Δ	5-day	1-mnth
S&P/TSX	12,185.72	-96.93	-0.79%	-3.23%	-2.09%
S&P 500	1,851.86	-0.35	-0.02%	-3.17%	-3.65%
DJIA	15,914.74	-99.64	-0.62%	-2.58%	-2.64%

### Commodities



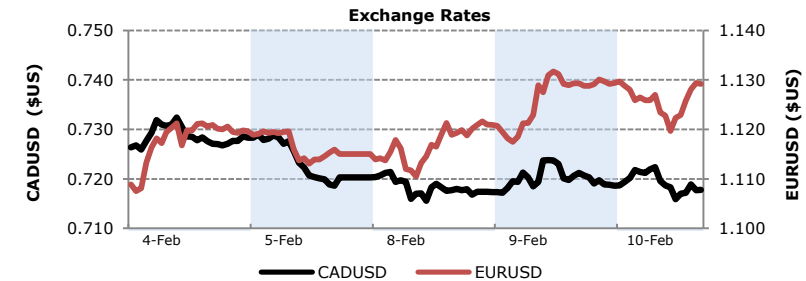
	10-Feb	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$27.45	-0.49	-1.75%	-14.96%	-12.61%
Gold (\$US/oz)	\$1,192	+5.15	+0.43%	+4.60%	+8.43%

### Interest Rates



	Government 10-year Yields					Historical levels				
	10-Feb	day Δ	-1 mnth	-3 mnths	-1 year	10-Feb	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.00%	-0.047%	1.32%	1.70%	1.42%					
United States	1.67%	-0.058%	2.18%	2.31%	2.00%					

### Foreign Exchange



	(USDCAD implies \$1-USD to CAD)					Historical levels					
	Spot	10-Feb	day Δ	-5 days	-1 mnth	-1 year	10-Feb	day Δ	-5 days	-1 mnth	-1 year
USDCAD	\$1.393	\$1.393	+0.006	1.378	1.426	1.259					
EURUSD	\$1.129	\$1.129	-0.000	1.111	1.086	1.132					

## 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

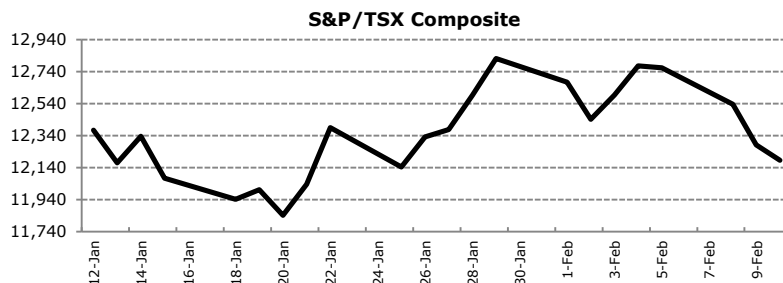


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

### Canadian Indices

TSX	10-Feb	day Δ	%Δ
	12,185.72	-96.93	-0.79%
<b>Trailing</b>	<b>S&amp;P/TSX</b>	<b>TSX 60</b>	
5-day	-3.23%	-3.14%	
1-month	-2.09%	-1.77%	
3-months	-9.14%	-8.91%	
6-months	-15.77%	-16.03%	
12-months	-19.37%	-18.84%	



### Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.60%	-3.32%	-4.18%	-15.84%
C. Staples	+0.09%	-2.17%	+0.22%	+7.38%
Energy	-2.66%	-8.72%	-6.16%	-38.91%
Financials	-1.39%	-4.69%	-4.24%	-12.88%
Healthcare	-0.32%	-6.47%	-14.97%	-13.96%
Info Tech	+1.60%	-4.82%	-5.40%	-7.29%
Industrials	-0.57%	+2.44%	+0.48%	-20.68%
Materials	+0.17%	+5.11%	+3.22%	-28.09%
Metals & Mining	-3.03%	-1.92%	-10.96%	-58.68%
Telecom	+0.12%	+0.25%	+4.33%	+8.00%
Utilities	-1.86%	-5.16%	+2.78%	-11.24%

### TSX Top Performers

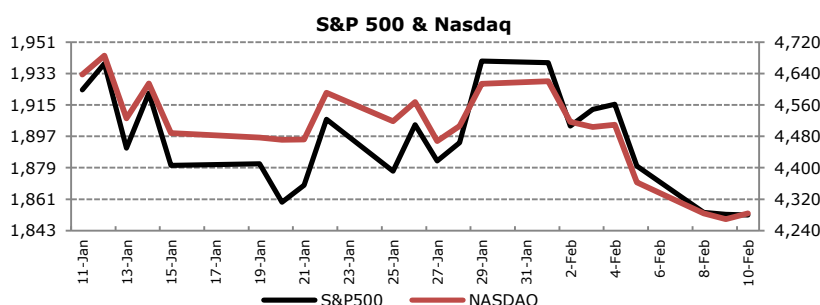
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Open Text Corp	+9.99%	+0.06%	+1.85%	-11.65%
Iamgold Corp	+7.87%	+32.11%	+22.55%	-6.49%
Intact Financial Corp	+6.56%	+0.76%	-3.83%	-6.10%
Kinross Gold Corp	+5.92%	+43.20%	+35.61%	-12.04%
Novagold Resources Inc	+4.05%	+3.18%	+3.35%	+23.65%

### TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Athabasca Oil Corp	-12.95%	-16.55%	-8.33%	-44.75%
First Quantum Minerals Lt	-11.25%	-3.31%	-31.13%	-76.53%
Meg Energy Corp	-10.79%	-26.62%	-41.45%	-82.25%
Paramount Resources Ltd -	-8.58%	-27.57%	-24.52%	-88.02%
Encana Corp	-8.47%	-22.12%	-29.67%	-71.41%

### US Indices

Trailing	S&P 500	DJIA	Nasdaq
10-Feb	1,851.86	15,914.74	4,283.59
1-day	-0.02%	-0.62%	+0.35%
5-day	-3.17%	-2.58%	-4.90%
1-month	-3.65%	-2.64%	-7.75%
3-months	-11.04%	-10.38%	-15.73%
6-months	-11.99%	-9.65%	-16.04%
12-months	-10.48%	-10.94%	-10.53%



### S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.08%	-5.95%	-6.89%	-6.74%
C. Staples	-0.15%	-0.84%	+1.36%	+0.72%
Energy	-0.50%	-4.90%	-2.35%	-30.61%
Financials	-0.47%	-3.70%	-8.33%	-16.25%
Healthcare	+0.92%	-2.19%	-5.23%	-7.94%
Info Tech	+0.36%	-4.86%	-4.83%	-7.64%
Industrials	-0.45%	-0.15%	-0.40%	-10.71%
Materials	-0.97%	-0.90%	-0.99%	-20.79%
Telecom	-0.42%	-1.30%	+8.83%	-1.28%
Utilities	-0.27%	-0.43%	+7.62%	-1.48%

### DJIA Top Performers

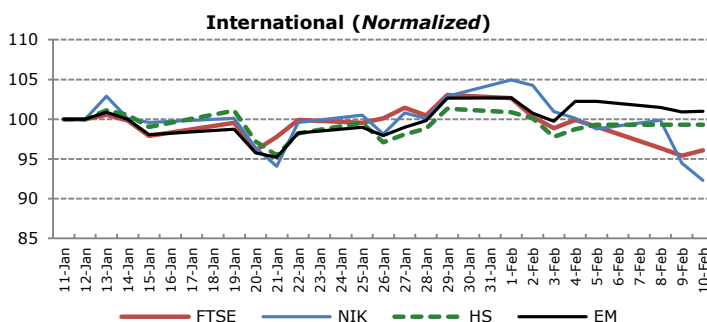
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Nike Inc -Cl B	+3.11%	-8.13%	-2.48%	+23.80%
Visa Inc-Class A Shares	+2.66%	-5.69%	-3.75%	+6.07%
Unitedhealth Group Inc	+1.42%	-0.01%	+2.34%	+3.46%

### DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Walt Disney Co/The	-3.76%	-6.61%	-10.48%	-12.82%
Intl Business Machines Co	-3.13%	-3.63%	-8.69%	-24.20%
Caterpillar Inc	-2.80%	-1.79%	-1.82%	-25.94%

### International Markets

Trailing	FTSE 100	Nikkei	MSCI EM
Last Close	5,672.30	15,713.39	730.58
1-day	+0.71%	-2.31%	+0.10%
5-day	-2.82%	-8.60%	+1.24%
1-month	-4.06%	-11.21%	-1.28%
3-months	-9.61%	-20.12%	-12.34%
6-months	-15.79%	-24.49%	-17.70%
12-months	-16.94%	-10.99%	-24.44%



### Oil & Gas

#### Nymex WTI Crude Oil

(\$US/Bbl)	10-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$27.45	-\$0.49	-1.75%	-14.96%	-12.61%
Cal 16	\$33.66	+\$0.19	+0.55%	-10.02%	-17.27%
Cal 17	\$39.88	+\$0.49	+1.24%	-6.82%	-11.99%

(\$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	\$31.38	\$34.85	\$36.81	\$38.34	\$39.88

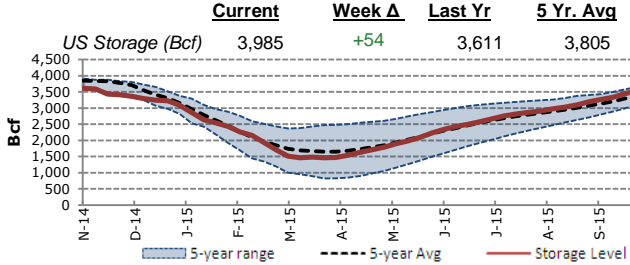
#### Inventory Levels (as of Jan-08)

(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

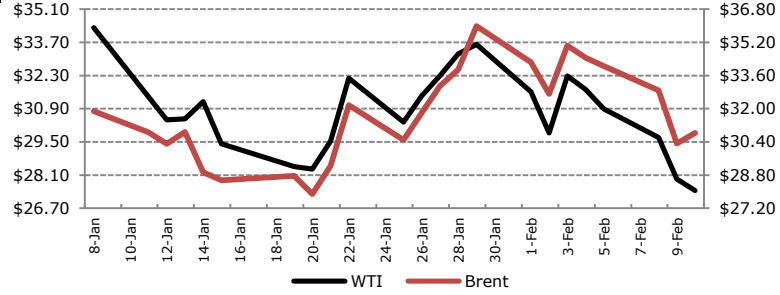
#### Nymex Natural Gas

(\$US/MMbtu)	10-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.05	-\$0.05	-2.48%	+0.39%	-14.61%
Apr16-Oct16	\$2.26	-\$0.03	-1.41%	-0.38%	-7.70%
Nov16-Mar17	\$2.68	-\$0.03	-1.22%	-0.48%	-3.92%
Apr17-Oct17	\$2.63	-\$0.02	-0.89%	-0.84%	-4.42%
Nov17-Mar18	\$2.91	-\$0.03	-1.02%	-1.18%	+0.37%

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



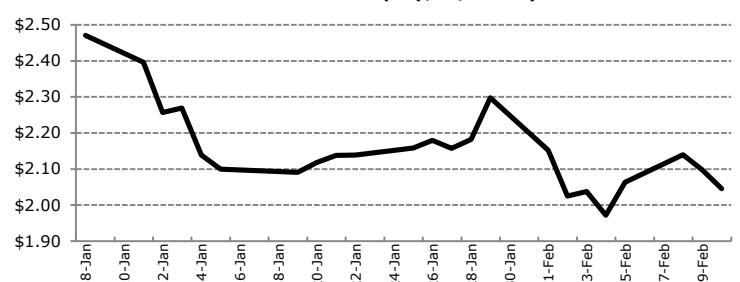
#### Crude Oil Prompt Contract (\$US/Bbl)



#### UK Brent Crude Oil

(\$US/Bbl)	10-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$30.84	+\$0.52	+1.69%	-11.99%	-0.06%

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



#### Alberta Natural Gas

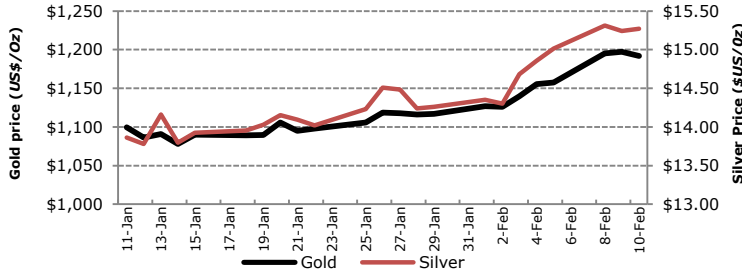
(\$CAD/GJ)	10-Feb	day Δ	%Δ
AECO Mar-16	\$1.86	-\$0.05	-2.5%

### Other Commodities

#### Precious Metals

\$US/oz	10-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,192.02	-\$5.15	-0.4%	+4.6%	+8.4%	+11.5%
Silver	\$15.27	+\$0.03	+0.2%	+4.0%	+10.2%	+7.6%
Platinum	\$935	+\$1.50	+0.2%	+6.3%	+10.7%	+9.5%

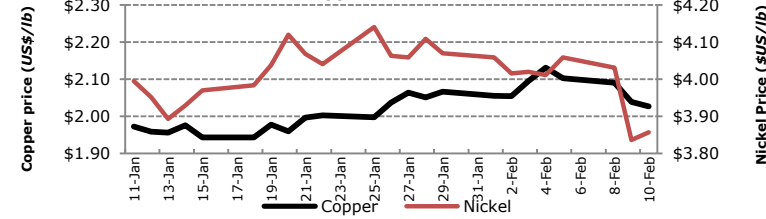
#### Gold and Silver



#### Industrial Metals

\$US/lb	10-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.03	-\$0.01	-0.6%	-3.2%	+2.8%	-3.7%
Nickel	\$3.86	+\$0.02	+0.5%	-4.1%	-3.5%	-13.3%
Zinc	\$0.86	+\$0.01	+1.7%	+2.0%	+14.1%	+7.6%
Aluminum	\$0.74	+\$0.00	0.0%	-1.3%	+1.4%	+2.8%
Uranium	\$34.15	+\$0.00	0.0%	-0.9%	-1.0%	-5.1%

#### Copper and Nickel



#### Agriculture & Other

	10-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.60	-\$0.01	-0.2%	-2.9%	+1.0%
Wheat (\$US/bu)	\$4.61	+\$0.04	+0.8%	-3.9%	-4.2%
Soybeans (\$US/bu)	\$8.62	-\$0.01	-0.1%	-1.7%	-1.4%
Rough Rice (\$US/cwt)	\$11.13	+\$0.37	+3.4%	-0.0%	-5.0%
Sugar #11 (#US/lb)	¢13.33	-¢0.02	-0.1%	+3.8%	-3.3%
Lean Hogs (#US/lb)	¢68.35	-¢1.28	-1.8%	-1.9%	+1.6%
Live Cattle (#US/lb)	¢131.80	+¢0.65	+0.5%	-2.9%	-0.7%
Cotton No.2 (\$US/lb)	\$0.59	+\$0.00	+0.4%	-4.9%	-4.4%
Lumber (\$US/Mbft)	\$248.60	-\$2.10	-0.8%	-1.3%	+1.5%

#### Commodity ETFs

	10-Feb	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$2.52	-\$0.09	-3.4%	-25.7%	-26.7%
HBP Nat Gas U	\$10.71	-\$0.33	-3.0%	-1.3%	-20.6%
iShares Gold ETF	\$10.64	+\$0.08	+0.8%	+5.6%	+10.6%
<b>\$USD</b>					
US Crude Oil	\$7.96	-\$0.22	-2.7%	-14.78%	-18.8%
US Nat Gas	\$7.50	-\$0.18	-2.3%	-0.66%	-18.6%
PSDB Agriculture	\$19.72	+\$0.01	+0.1%	-2.04%	-2.0%
PSDB Base Metals	\$11.74	+\$0.02	+0.2%	-1.84%	+3.5%

### Interest Rates

#### Canadian yield curve

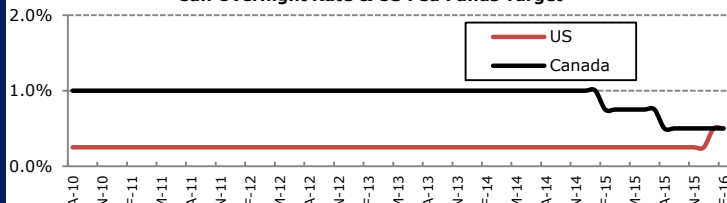
	10-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.46%	-	0.43%	0.44%	0.54%
6-mnth	0.42%	-	0.42%	0.45%	0.52%
12-mnth	0.43%	+0.01%	0.41%	0.54%	0.50%
2-year	0.36%	+0.01%	0.39%	0.65%	0.43%
5-year	0.49%	-0.02%	0.64%	0.99%	0.73%
10-year	1.00%	-0.05%	1.32%	1.70%	1.42%
20-year	1.79%	-0.04%	2.06%	2.38%	1.97%
30-year	1.82%	-0.04%	2.09%	2.39%	2.04%

#### US yield curve

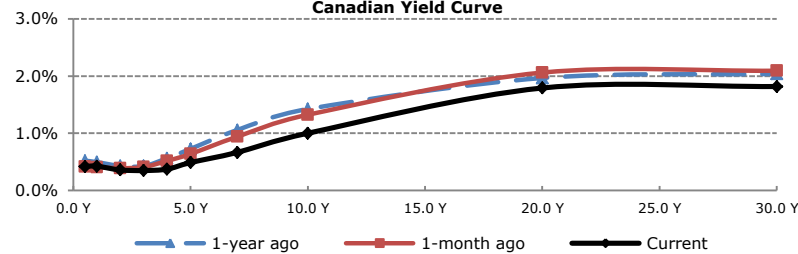
	10-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.31%	-	0.19%	0.13%	0.01%
6-mnth	0.40%	-0.02%	0.42%	0.33%	0.07%
12-mnth	0.51%	-	0.61%	0.51%	0.23%
2-year	0.69%	-0.00%	0.93%	0.87%	0.65%
5-year	1.12%	-0.03%	1.59%	1.71%	1.51%
10-year	1.67%	-0.06%	2.18%	2.31%	2.00%
30-year	2.49%	-0.06%	2.97%	3.09%	2.58%

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

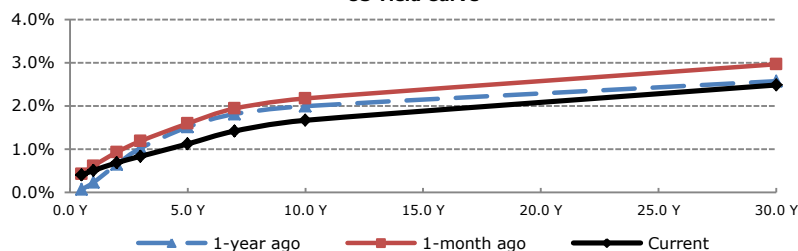
Cdn Overnight Rate & US Fed Funds Target



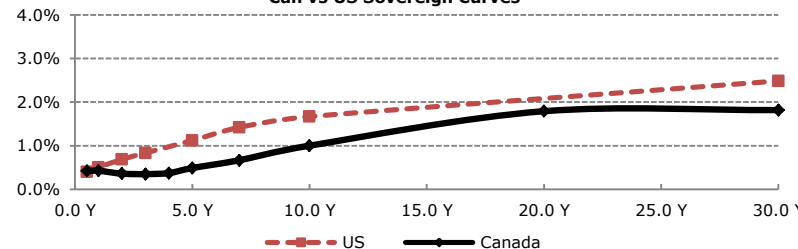
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



### Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	10-Feb	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.393		+0.006	1.426	1.329	1.259
EURUSD	\$1.129		-0.000	1.086	1.075	1.132
USDJPY	¥113.35		-1.760	117.65	123.18	119.43
GBPUSD	\$1.452		+0.005	1.445	1.512	1.525
AUDUSD	\$0.710		+0.003	0.699	0.705	0.777

	Spot	10-Feb	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥81.39		-1.620	82.49	92.70	94.88
CADAUD	\$1.012		-0.008	1.004	1.068	1.022
GBPCAD	£2.023		+0.015	2.060	2.008	1.920
EURJPY	¥128.00		-2.000	127.74	132.43	135.20
EURAUD	\$1.59		-0.006	1.55	1.53	1.46

### Economic Releases

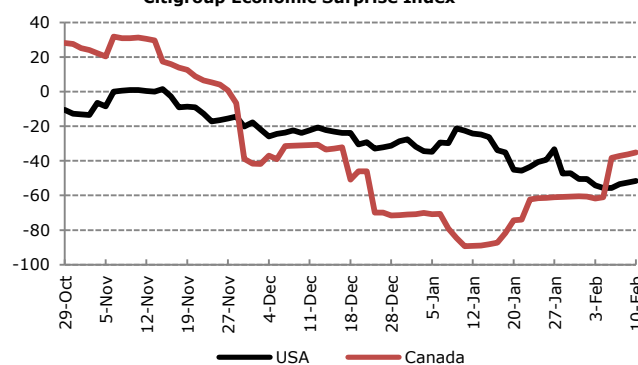
#### United States

		Period	Survey	Actual	Prior
Thu, Feb 11	Continuing Claims	30-Jan	2245K	2239K	2255K
Thu, Feb 11	Initial Jobless Claims	6-Feb	280K	269K	285K

#### Canada

		Period	Survey	Actual	Prior
Mon, Feb 08	Building Permits (MoM)	31-Jan	6.2%	11.3%	-19.6%
Mon, Feb 08	Housing Starts	29-Feb	189K	165.9K	172.965K

Citigroup Economic Surprise Index



### Economics

Canada	Q4-14	Q1-15	Q2-15	Q3-15
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%

US	Q4-14	Q1-15	Q2-15	Q3-15
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	Q4-14	Q1-15	Q2-15	Q3-15
Real GDP	7.20%	7.00%	7.00%	6.90%

Real GDP (YoY%)

