

Commentary

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North American equity markets were up yesterday with the Dow, S&P 500, and S&P/TSX Composite rising 1.40%, 1.45%, and 0.25% to 16,620.66, 1,945.50, and 12,845.63, respectively. Bond markets were down yesterday as yields on the US 10yr Treasury and the Canadian 10yr note rose 0.7bps and 0.4bps to 1.75% and 1.12%, respectively. The International Energy Agency (IEA) said crude prices are likely to remain low this year, which will cause spending in the oil industry to decline. The industry has idled more than 1,000 rigs and cut over 250,000 jobs. Exxon Mobil, the world's largest oil company, has already announced plans to cut 2016 capex by 25% to a 10-year low. Oil services, drilling, and supply companies are feeling the worst of the pain, accounting for more than three quarters of the layoffs.

Venezuela has come across financial trouble amid the declining oil price, which has fallen 75% over the past three years. According to the credit default swap market, traders are suggesting a 70% chance that Venezuela will default on their sovereign debt in the following 12 months. Bond markets are currently showing investor confidence in repayment of the country's \$1.5bn obligations in the end of February, but the outlook is weaker for the \$4.1bn of notes due in October and November. Venezuela as well as its state-owned company Petroleos de Venezuela SA (PDVSA) have ~\$120bn worth of bonds including interest. Estimates on the recovery value of the bonds range from 20 cents to 71 cents on the dollar. Of the assets investors can claim, PDVSA's tankers, refineries and receivables are claimable, while the operating assets of Citgo holdings, PDVSA's US subsidiary, are already pledged to creditors.

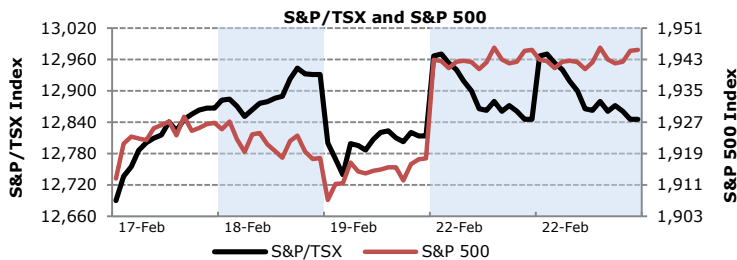
Blackrock Inc., the world's largest money manager, is warning bond investors that they are unprepared for the FED to raise interest rates. On Jan 1, futures data revealed a 93% chance of 2016 FED action, while today, after persisting through the global stock/oil rout, this number has nearly halved to 48%. Blackrock brings light to the recent signs of stabilization in equities and crude, paired with strengthening inflation, as justification for a less dovish FED. Based on a Bloomberg survey, inflation is expected to have accelerated to 1.1 percent in January from 12 months earlier, compared with 0.6 percent in December. The January price increase on US goods excluding food and fuel was the largest increase in four years. Despite this fact, we are still seeing revisions in the workplace. Richard Kelly, the global head of strategy at Toronto Dominion Bank in London said they have scaled back their expectations earlier this month, to expect 2 hikes this year, June and December, from three previously. Kelly stated that "sustained financial volatility and tightening in financial conditions effectively deliver the tightening the FED was going to implement through higher rates."

Major Economic Releases

United States	Period	Survey	Actual	Prior	Canada	Period	Survey	Actual	Prior
Existing Home Sales	Feb	5.32mm		5.46mm	None Scheduled				
Consumer Confidence	Feb	97.20		98.10					

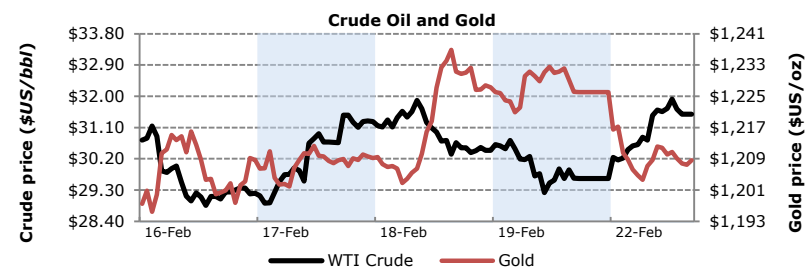
Market Movements

Equities



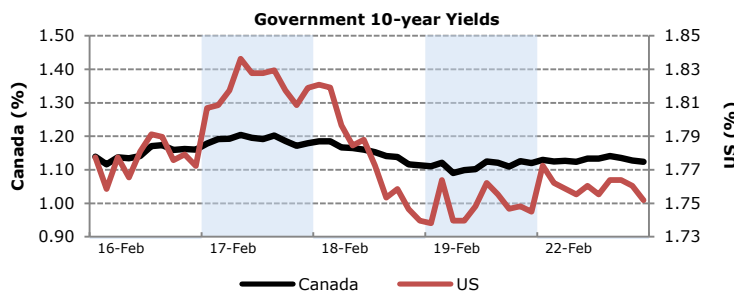
	22-Feb	day Δ	%Δ	5-day	1-mnth
S&P/TSX	12,845.63	32.23	+0.25%	+3.75%	+3.68%
S&P 500	1,945.50	27.72	+1.45%	+4.33%	+2.02%
DJIA	16,620.66	228.67	+1.40%	+4.05%	+3.28%

Commodities



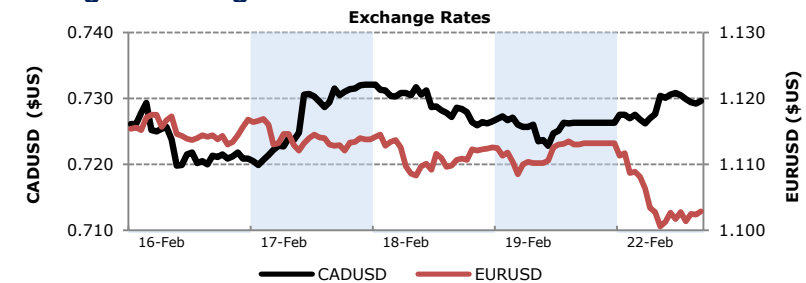
	22-Feb	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$31.48	1.84	+6.21%	+6.93%	-2.21%
Gold (\$US/oz)	\$1,209	-17.67	-1.44%	-0.06%	+10.08%

Interest Rates



	Government 10-year Yields				
	22-Feb	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.12%	0.004%	1.32%	1.62%	1.42%
United States	1.75%	0.007%	2.05%	2.24%	2.11%

Foreign Exchange



	Exchange Rates				
	Spot	22-Feb	day Δ	-5 days	-1 mnth
USDCAD	\$1.369	\$1.369	-0.008	1.383	1.412
EURUSD	\$1.103	\$1.103	-0.010	1.116	1.080

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

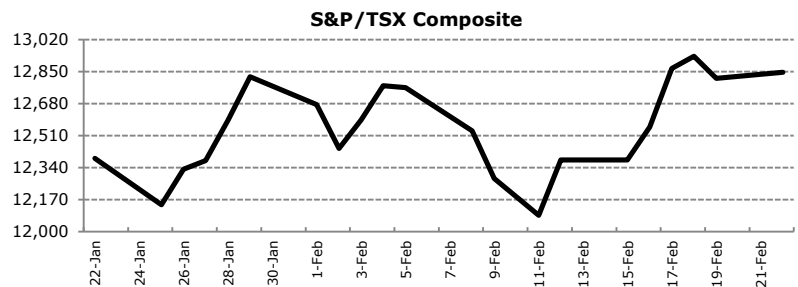


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

Canadian Indices

TSX	22-Feb	day Δ	%Δ
	12,845.63	32.23	+0.25%
Trailing	S&P/TSX	TSX 60	
5-day	+3.75%	+3.43%	
1-month	+3.68%	+3.66%	
3-months	-4.38%	-4.58%	
6-months	-4.66%	-5.06%	
12-months	-15.33%	-14.76%	



Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+1.31%	+5.40%	-0.03%	-12.87%
C. Staples	+0.32%	+5.11%	+3.34%	+9.75%
Energy	+2.83%	+6.57%	+3.83%	-32.20%
Financials	-0.51%	+3.64%	+1.03%	-8.34%
Healthcare	-3.20%	+0.46%	-7.96%	-15.41%
Info Tech	+1.51%	+6.40%	+1.49%	-3.10%
Industrials	+0.55%	+3.80%	+4.36%	-17.25%
Materials	+0.43%	+2.59%	+22.19%	-21.72%
Metals & Mining	+6.67%	+28.08%	+45.68%	-46.31%
Telecom	+0.09%	+1.72%	+5.07%	+7.73%
Utilities	+0.46%	+4.64%	+3.12%	-8.82%

TSX Top Performers

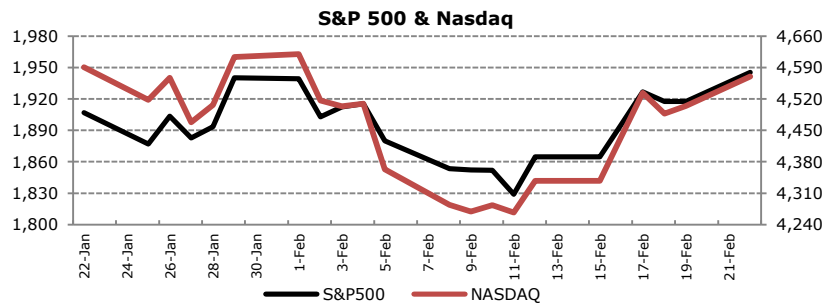
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Teck Resources Ltd-Cls B	+14.48%	NA	+76.37%	-51.68%
Kelt Exploration Ltd	+9.68%	NA	-8.36%	-58.08%
Bombardier Inc-B	+8.77%	NA	+13.76%	-48.33%
Dream Office Real Estate	+8.62%	NA	+29.77%	-26.63%
Hudbay Minerals Inc	+8.14%	NA	+41.98%	-64.33%

TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Valeant Pharmaceuticals I	-10.97%	NA	-16.96%	-52.09%
Iamgold Corp	-5.31%	NA	+71.66%	+9.56%
Allied Properties Real Es	-4.68%	NA	-1.20%	-22.81%
B2Gold Corp	-4.00%	NA	+54.84%	-28.71%
Concordia Healthcare Corp	-3.79%	NA	-7.96%	-39.03%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
22-Feb	1,945.50	16,620.66	4,570.61
1-day	+1.45%	+1.40%	+1.47%
5-day	+4.33%	+4.05%	+5.37%
1-month	+2.02%	+3.28%	-0.45%
3-months	-6.88%	-6.75%	-10.47%
6-months	-1.29%	+0.98%	-2.88%
12-months	-7.81%	-8.38%	-7.78%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+1.91%	+6.27%	+1.06%	-1.69%
C. Staples	+0.44%	+1.97%	+3.67%	+2.67%
Energy	+2.24%	+4.71%	+4.62%	-25.93%
Financials	+1.50%	+4.07%	-0.16%	-12.90%
Healthcare	+1.36%	+3.74%	-1.63%	-7.48%
Info Tech	+1.44%	+5.29%	+1.13%	-5.43%
Industrials	+1.69%	+5.01%	+6.81%	-8.95%
Materials	+1.87%	+3.88%	+7.46%	-19.88%
Telecom	+0.66%	+1.74%	+7.03%	+3.04%
Utilities	+1.12%	+2.52%	+6.19%	+2.13%

DJIA Top Performers

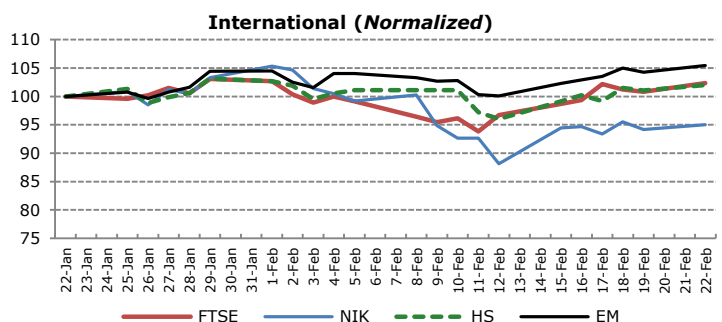
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
United Technologies Corp	+4.69%	NA	+6.97%	-25.57%
Unitedhealth Group Inc	+3.05%	NA	+6.07%	+7.68%
Caterpillar Inc	+2.89%	NA	+10.38%	-20.29%

DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Exxon Mobil Corp	-0.13%	NA	+7.60%	-8.37%
Cisco Systems Inc	+0.30%	NA	+13.95%	-10.06%
Coca-Cola Co/The	+0.39%	NA	+4.47%	+4.69%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,037.73	16,111.05	19,464.09	749.42
1-day	+1.47%	+0.90%	+0.93%	+1.14%
5-day	+3.66%	+0.55%	+2.89%	+3.10%
1-month	+2.33%	-5.00%	+2.01%	+5.45%
3-months	-4.69%	-18.96%	-14.46%	-11.15%
6-months	-2.42%	-17.11%	-13.14%	-7.75%
12-months	-12.69%	-12.12%	-21.62%	-23.87%



Oil & Gas

Nymex WTI Crude Oil

(\$US/Bbl)	22-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$31.48	+\$1.84	+6.21%	+6.93%	-2.21%
Cal 16	\$36.40	+\$0.58	+1.63%		-1.38%
Cal 17	\$41.81	+\$0.93	+2.27%		+0.14%

(\$US/bbl)	Q3-16	Q4-16	Q1-17	Q2-17	2017
Consensus Forecast	\$42.00	\$47.00	\$47.00	\$50.00	\$52.88
Current Forward	\$36.98	\$38.90	\$40.34	\$41.46	\$41.81

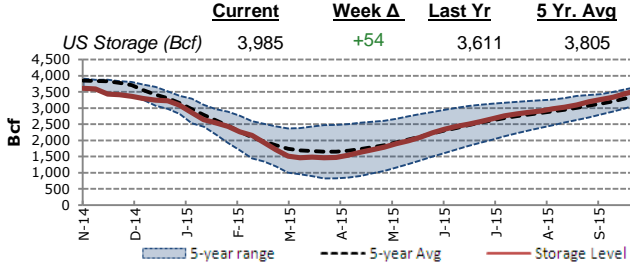
Inventory Levels (as of Jan-08)

(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

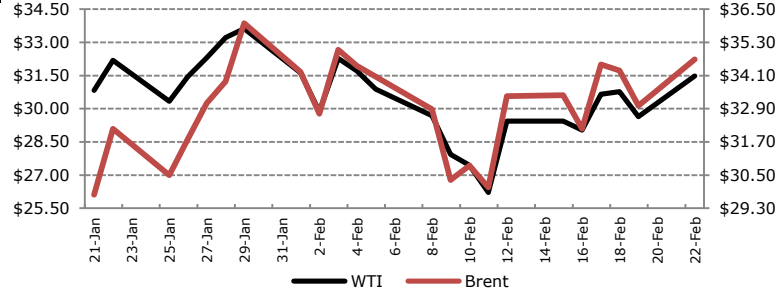
Nymex Natural Gas

(\$US/MMbtu)	22-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$1.82	+\$0.02	+0.94%	-4.31%	-14.87%
Apr16-Oct16	\$2.04	-\$0.01	-0.60%		-19.03%
Nov16-Mar17	\$2.48	-\$0.03	-1.00%		-12.97%
Apr17-Oct17	\$2.44	-\$0.03	-1.30%		-11.06%
Nov17-Mar18	\$2.71	-\$0.04	-1.35%		-9.32%

Inventory Levels (as of Nov-06)



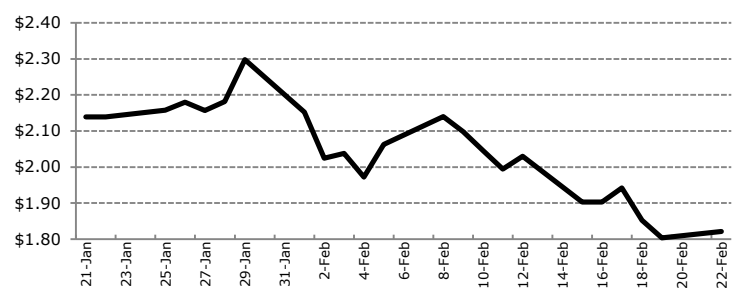
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	22-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$34.69	+\$1.68	+4.84%	+3.89%	+7.80%

Nat Gas Prompt (\$US/MMbtu)



Alberta Natural Gas

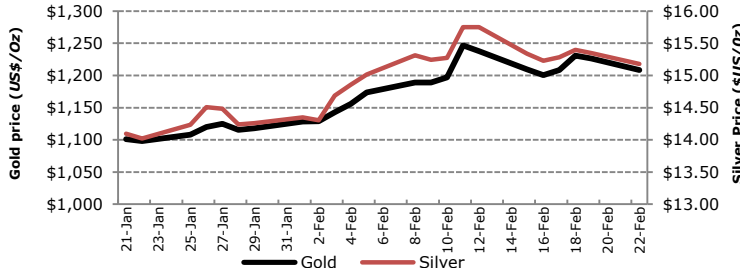
(\$CAD/GJ)	22-Feb	day Δ	%Δ
AECO Mar-16	\$1.72	+\$0.03	+1.6%

Other Commodities

Precious Metals

\$US/oz	22-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,208.63	-\$17.67	-1.4%	-0.1%	+10.1%	+14.3%
Silver	\$15.18	-\$0.17	-1.1%	-1.0%	+8.3%	+7.7%
Platinum	\$928	-\$10.95	-1.2%	-0.8%	+11.7%	+11.0%

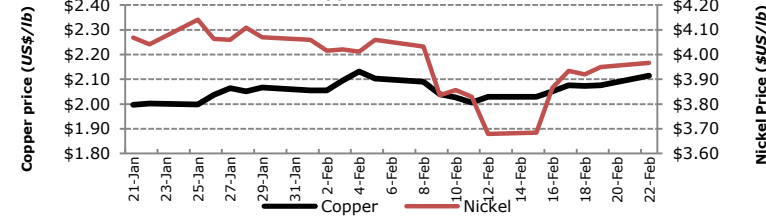
Gold and Silver



Industrial Metals

\$US/lb	22-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.12	+\$0.04	+1.9%	+4.2%	+5.6%	+3.1%
Nickel	\$3.97	+\$0.02	+0.4%	+7.6%	-1.9%	-8.2%
Zinc	\$0.87	+\$0.03	+3.5%	+1.2%	+15.7%	+7.4%
Aluminum	\$0.77	+\$0.01	+1.3%	+4.1%	+5.5%	+5.5%
Uranium	\$33.40	-\$0.10	-0.3%	-2.2%	-3.9%	-7.5%

Copper and Nickel



Agriculture & Other

	22-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.72	+\$0.03	+0.8%	+2.4%	-0.7%
Wheat (\$US/bu)	\$4.64	-\$0.03	-0.6%	+0.3%	-3.4%
Soybeans (\$US/bu)	\$8.84	+\$0.04	+0.4%	+0.9%	+0.8%
Rough Rice (\$US/cwt)	\$10.71	-\$0.32	-2.9%	-0.6%	-2.3%
Sugar #11 (#US/lb)	¢12.76	±0.09	+0.7%	-2.7%	-10.0%
Lean Hogs (#US/lb)	¢69.25	±0.35	+0.5%	-1.6%	+0.4%
Live Cattle (#US/lb)	¢134.63	±0.68	+0.5%	+4.3%	+1.2%
Cotton No.2 (\$US/lb)	\$0.59	-\$0.01	-1.4%	+0.1%	-6.6%
Lumber (\$US/Mbft)	\$262.00	+\$2.30	+0.9%	+8.0%	+12.0%

Commodity ETFs

	22-Feb	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$3.09	+\$0.22	+7.7%		-9.9%
HBP Nat Gas U	\$8.30	-\$0.04	-0.5%		-31.6%
iShares Gold ETF	\$10.74	-\$0.13	-1.2%		+11.4%
\$USD					
US Crude Oil	\$8.91	+\$0.36	+4.2%		-3.9%
US Nat Gas	\$6.61	-\$0.01	-0.2%		-16.6%
PSDB Agriculture	\$19.94	+\$0.16	+0.8%		-0.9%
PSDB Base Metals	\$12.35	+\$0.21	+1.7%		+9.6%

Interest Rates

Canadian yield curve

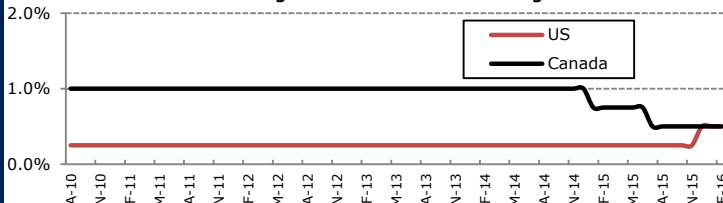
	22-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.45%	-	0.45%	0.47%	0.48%
6-mnth	0.46%	-	0.45%	0.49%	0.45%
12-mnth	0.47%	+0.01%	0.46%	0.54%	0.41%
2-year	0.45%	+0.00%	0.46%	0.62%	0.40%
5-year	0.60%	+0.00%	0.76%	0.93%	0.79%
10-year	1.12%	+0.00%	1.32%	1.62%	1.42%
20-year	1.90%	-	2.07%	2.30%	1.98%
30-year	1.92%	+0.00%	2.10%	2.32%	2.06%

US yield curve

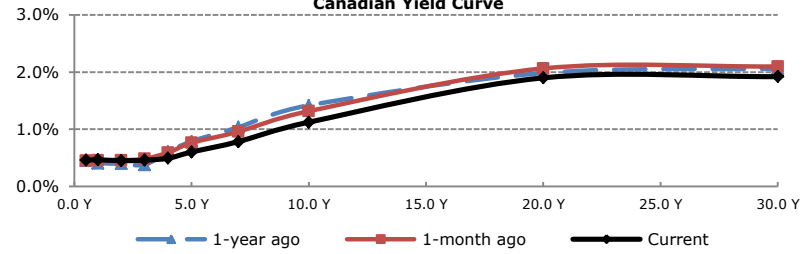
	22-Feb	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.30%	+0.01%	0.30%	0.16%	0.02%
6-mnth	0.44%	-	0.39%	0.36%	0.06%
12-mnth	0.53%	+0.02%	0.46%	0.48%	0.21%
2-year	0.75%	+0.01%	0.87%	0.93%	0.63%
5-year	1.23%	+0.01%	1.48%	1.66%	1.59%
10-year	1.75%	+0.01%	2.05%	2.24%	2.11%
30-year	2.60%	-0.00%	2.82%	3.00%	2.71%

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

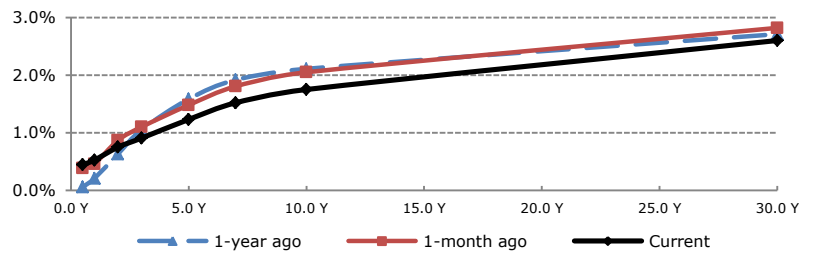
Cdn Overnight Rate & US Fed Funds Target



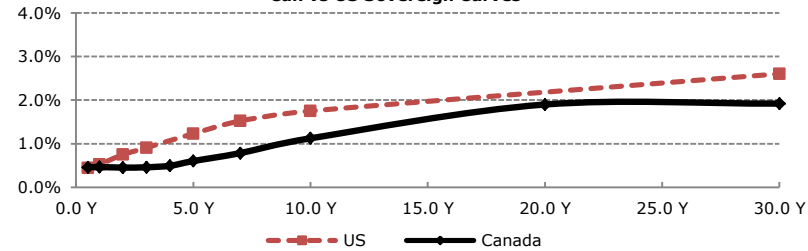
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	22-Feb	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.369	-0.008		1.412	1.335	1.261
EURUSD	\$1.103	-0.010		1.080	1.065	1.134
USDJPY	¥113.04	+0.410		118.78	122.81	118.90
GBPUSD	\$1.417	-0.024		1.427	1.519	1.546
AUDUSD	\$0.724	+0.009		0.700	0.724	0.782

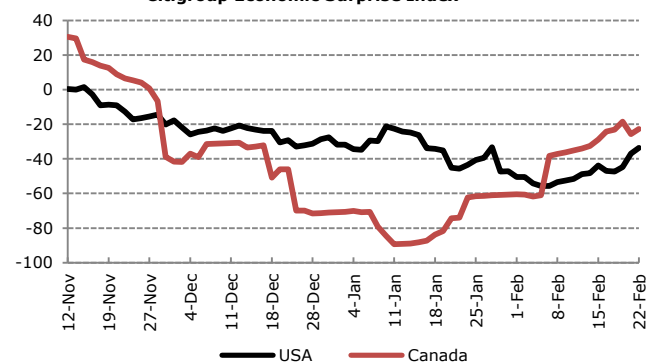
	Spot	22-Feb	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥82.59	+0.784		84.12	92.04	94.29
CADAUD	\$1.009	-0.007		1.011	1.035	1.015
GBPCAD	£1.939	-0.044		2.014	2.027	1.949
EURJPY	¥124.67	-0.640		128.26	130.77	134.78
EURAUD	\$1.52	-0.034		1.54	1.47	1.45

Economic Releases

United States		Period	Survey	Actual	Prior
Tue, Feb 23	Existing Home Sales	31-Jan	5.32M	5.46M	4.76M
Tue, Feb 23	Consumer Confidence	29-Feb	97.2	97.2	96.5
Wed, Feb 24	New Home Sales	31-Jan	520K	--	544K
Thu, Feb 25	Durable Goods Orders	31-Jan	2.6%	--	-5%
Thu, Feb 25	Continuing Claims	13-Feb	2253K	--	2273K
Thu, Feb 25	Initial Jobless Claims	20-Feb	270K	--	269K
Fri, Feb 26	Personal Income	31-Jan	0.4%	--	0.3%

Canada	Period	Survey	Actual	Prior

Citigroup Economic Surprise Index



Economics

	Q4-14	Q1-15	Q2-15	Q3-15
Canada				
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				
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	7.20%	7.00%	7.00%	6.90%

Real GDP (YoY%)

