

## Commentary

Email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe

US equity markets were up Friday, ending the week on a positive note; with the S&P 500 rising 0.44% to 2,049.58 and the Dow Jones Industrial Average gaining 0.69% to 17,602.30. On the other hand, Canadian equity markets fell on Friday, declining 0.91% to 13,497.07. American bond markets were up, with the yield on the US 10yr Treasury falling 2.3bps to 1.87%; Canadian bond markets were unchanged, as the yield on the Canadian 10yr Note remained at 1.29%. Global bond dealers are getting saddled with Treasuries as the 22 primary dealers held more inventory last month than any time over the past two years. Foreigners sold a new \$105 billion of Treasury securities in December and January. Primary dealers have \$111 billion on their balance sheet as of March 9th, almost double the average of the past five years.

People's Bank of China Governor Zhou Xiaochuan spoke at a three day forum, where he signalled a warning over rising China debt levels, recognizing the ratio of corporate debt to GDP as unsustainable. Zhou noted China's issues with illegal fundraising and insufficient financial services, calling for more regulation to guard against excessive leverage in foreign currencies. He focused on the need for robust capital markets, stating that the country should channel more savings into the capital markets, aiming to reduce leverage in the corporate sector and boost equity financing. Addressing the growing debt concern becomes increasingly difficult as China aims to balance with their goal of maintaining growth target of 6.5% on average until 2020.

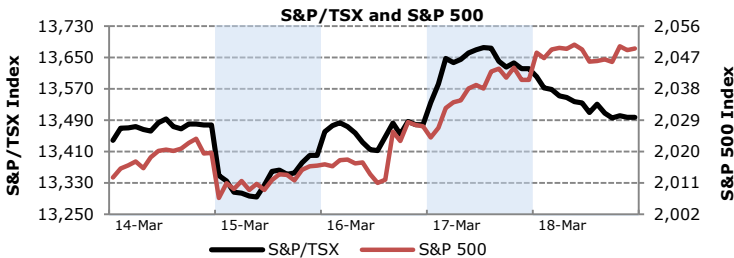
Britain's referendum on its European Union membership is exactly three months from next Wednesday. The GBP-USD 3-month volatility gauge will include the June 23 event for the first time, giving traders an opportunity to hedge unexpected shocks from the vote. Current surveys are neck-to-neck with a near-perfect divide between the number of speculators that expect Britain to remain in the EU and the ones that expect it to leave. Three-month implied volatility, a measure of price swings based on option prices, increased by 78bps this week to 10.70%. Should the possibility of a 'Brexit' become more probable, experts expect volatility will move above 20% as investors bid up derivatives to hedge price swings. The sterling recovered from the seven-year low against the dollar last month; it trades at \$1.4488 as of 5pm in London Friday.

## Major Economic Releases

United States	Period	Survey	Actual	Prior	Canada	Period	Survey	Actual	Prior
Existing Home Sales	29-Feb	5.31M	--	5.47M	None Scheduled				
New Home Sales	29-Feb	510K	--	494K					
Durable Goods Orders	29-Feb	-3%	--	4.7%					

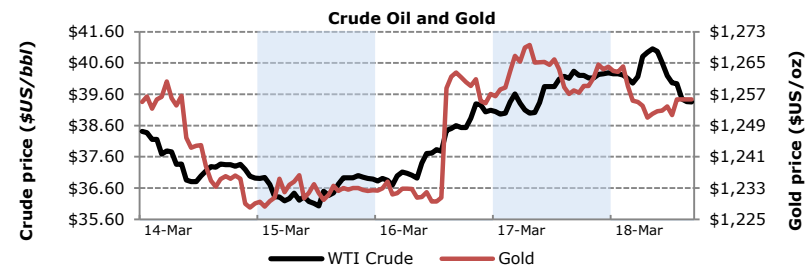
## Market Movements

### Equities



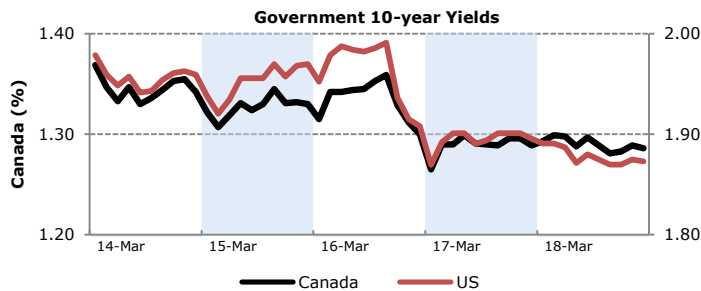
	18-Mar	day Δ	%Δ	5-day	1-mnth
S&P/TSX	13,497.07	-124.23	-0.91%	-0.18%	+4.37%
S&P 500	2,049.58	8.99	+0.44%	+1.35%	+6.87%
DJIA	17,602.30	120.81	+0.69%	+2.26%	+7.24%

### Commodities



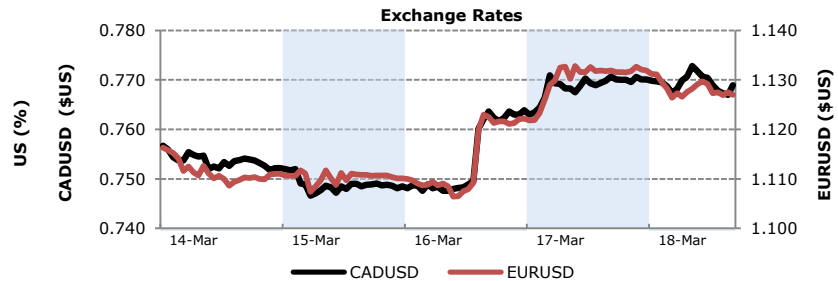
	18-Mar	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$39.44	-0.76	-1.89%	+2.44%	+28.18%
Gold (\$US/oz)	\$1,256	-7.94	-0.63%	-0.33%	+3.78%

### Interest Rates



	Government 10-year Yields				
	18-Mar	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.29%	-0.003%	1.18%	1.40%	1.31%
United States	1.87%	-0.023%	1.82%	2.20%	1.97%

### Foreign Exchange



	Exchange Rates				
	Spot	18-Mar	day Δ	-5 days	-1 mnth
USDCAD	\$1.300	\$1.300	+0.003	1.321	1.373
EURUSD	\$1.127	\$1.127	-0.005	1.116	1.111

## 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

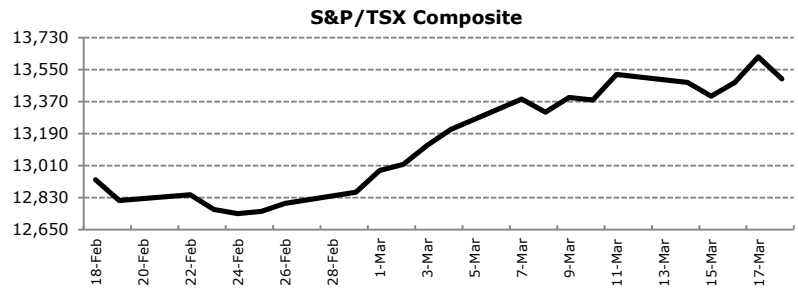


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

### Canadian Indicies

TSX	18-Mar	day Δ	%Δ
	13,497.07	-124.23	-0.91%
<b>Trailing</b>	<b>S&amp;P/TSX</b>	<b>TSX 60</b>	
5-day	-0.18%	-0.34%	
1-month	+4.37%	+3.91%	
3-months	+3.63%	+3.14%	
6-months	-1.10%	-1.54%	
12-months	-9.79%	-9.53%	



### Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.01%	+1.13%	+7.55%	-7.48%
C. Staples	-2.17%	-0.53%	+2.86%	+12.62%
Energy	-1.37%	+1.08%	+15.26%	-18.49%
Financials	-0.72%	+0.94%	+5.77%	-1.28%
Healthcare	-2.17%	-15.20%	-13.44%	-26.51%
Info Tech	-0.98%	-0.58%	+1.66%	-3.70%
Industrials	+0.02%	+0.51%	+3.96%	-14.41%
Materials	+0.10%	+2.89%	+9.04%	-6.98%
Metals & Mining	-1.14%	+9.01%	+41.82%	-25.39%
Telecom	-0.99%	-0.78%	+0.89%	+13.56%
Utilities	-1.04%	-1.47%	+1.34%	-7.07%

### TSX Top Performers

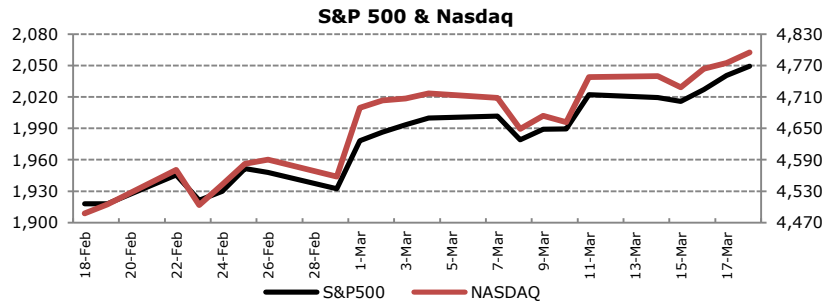
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Brp Inc/Ca- Sub Voting	+17.92%	+14.85%	+22.89%	-20.28%
Canadian Energy Services	+8.54%	+0.29%	+6.19%	-36.13%
Pengrowth Energy Corp	+8.46%	+7.63%	+41.00%	-58.16%
Birchcliff Energy Ltd	+6.16%	-1.04%	+3.08%	-12.46%
First Majestic Silver Cor	+4.67%	+15.28%	+52.44%	+23.41%

### TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Paramount Resources Ltd -	-14.63%	-7.05%	+87.39%	-73.77%
Valeant Pharmaceuticals I	-9.65%	-62.08%	-72.50%	-86.59%
Penn West Petroleum Ltd	-8.53%	-11.94%	-0.84%	-38.86%
Concordia Healthcare Corp	-7.43%	-23.57%	-8.04%	-58.41%
Precision Drilling Corp	-6.38%	-5.48%	+38.77%	-18.59%

### US Indices

Trailing	S&P 500	DJIA	Nasdaq
18-Mar	2,049.58	17,602.30	4,795.65
1-day	+0.44%	+0.69%	+0.43%
5-day	+1.35%	+2.26%	+0.99%
1-month	+6.87%	+7.24%	+6.87%
3-months	+2.20%	+2.77%	-2.59%
6-months	+4.68%	+7.43%	-0.65%
12-months	-2.38%	-2.62%	-3.76%



### S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.10%	+1.49%	+7.95%	+2.85%
C. Staples	-0.19%	+0.80%	+3.87%	+8.12%
Energy	+0.19%	+2.48%	+10.53%	-16.26%
Financials	+1.01%	+1.49%	+8.77%	-7.55%
Healthcare	+1.33%	-2.04%	+1.67%	-9.44%
Info Tech	+0.26%	+2.33%	+8.26%	+2.28%
Industrials	+0.82%	+3.41%	+8.45%	-1.47%
Materials	+0.05%	+2.42%	+10.13%	-8.86%
Telecom	-0.96%	+0.84%	+4.64%	+8.42%
Utilities	-0.63%	+1.73%	+5.08%	+8.03%

### DJIA Top Performers

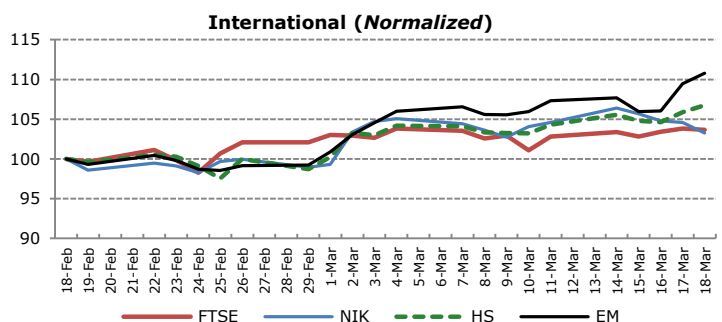
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Goldman Sachs Group Inc	+3.07%	+2.38%	+5.76%	-17.04%
Jpmorgan Chase & Co	+2.94%	+1.92%	+3.65%	-1.18%
Boeing Co/The	+2.49%	+7.49%	+18.97%	-13.08%

### DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Microsoft Corp	-2.14%	+0.79%	+4.70%	+26.50%
Wal-Mart Stores Inc	-0.74%	-0.33%	+1.59%	-17.87%
Verizon Communications In	-0.73%	+1.35%	+5.97%	+7.99%

### International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,189.64	16,724.81	20,671.63	826.75
1-day	-0.19%	-1.25%	+0.82%	+1.21%
5-day	+0.81%	-1.26%	+2.34%	+3.23%
1-month	+3.65%	+3.26%	+6.76%	+10.79%
3-months	+2.27%	-11.91%	-4.98%	+4.69%
6-months	+1.40%	-7.45%	-5.70%	-0.37%
12-months	-10.88%	-14.43%	-14.30%	-13.59%



### Oil & Gas

#### Nymex WTI Crude Oil

(\$US/Bbl)	18-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$39.44	-\$0.76	-1.89%	+2.44%	+28.18%
Cal 16	\$42.63	-\$0.39	-0.90%	+1.97%	+13.13%
Cal 17	\$45.48	-\$0.11	-0.25%	+0.49%	+6.46%

(\$US/bbl)	Q3-16	Q4-16	Q1-17	Q2-17	2017
Consensus Forecast	\$42.00	\$45.46	\$45.00	\$49.50	\$52.30
Current Forward	\$43.08	\$43.94	\$44.57	\$45.21	\$45.48

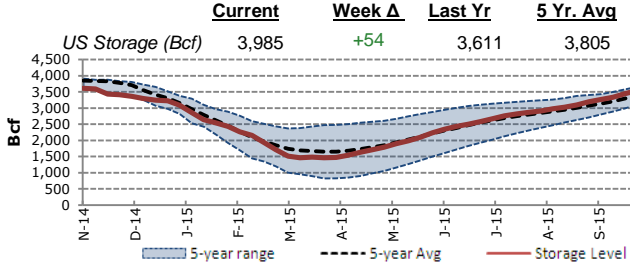
#### Inventory Levels (as of Jan-08)

(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

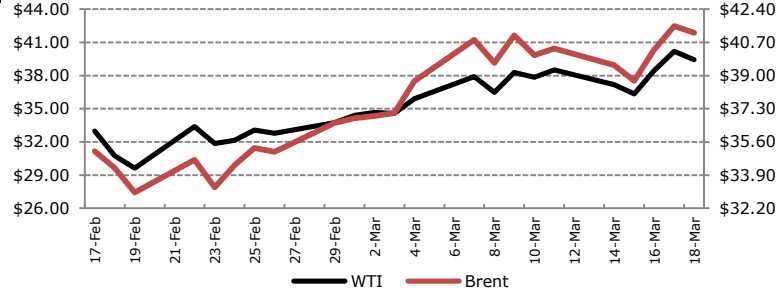
#### Nymex Natural Gas

(\$US/MMbtu)	18-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$1.91	-\$0.03	-1.50%	+4.67%	+2.97%
Apr16-Oct16	\$2.14	-\$0.02	-1.15%	+3.27%	-3.93%
Nov16-Mar17	\$2.74	-\$0.02	-0.65%	+1.96%	+2.59%
Apr17-Oct17	\$2.66	-\$0.01	-0.33%	+0.17%	+0.51%
Nov17-Mar18	\$2.93	-\$0.01	-0.24%	+0.23%	-0.87%

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



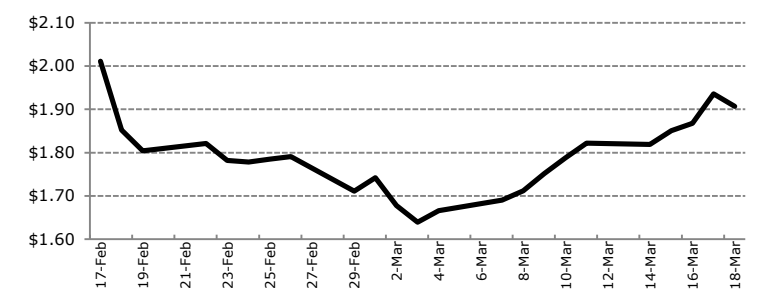
#### Crude Oil Prompt Contract (\$US/Bbl)



#### UK Brent Crude Oil

(\$US/Bbl)	18-Mar	day Δ	%Δ	5-day	1-mnth
Prompt	\$41.20	-\$0.34	-0.83%	+2.01%	+20.19%

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



#### Alberta Natural Gas

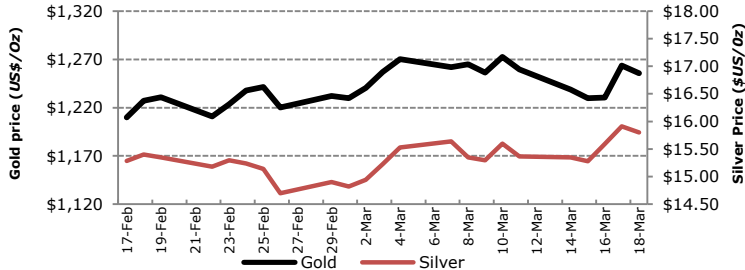
(\$CAD/GJ)	18-Mar	day Δ	%Δ
AECO Apr-16	\$1.29	-\$0.07	-5.3%

### Other Commodities

#### Precious Metals

\$US/oz	18-Mar	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,255.60	-\$7.94	-0.6%	-0.3%	+3.8%	+16.6%
Silver	\$15.80	-\$0.11	-0.7%	+2.9%	+3.4%	+9.9%
Platinum	\$973	-\$12.00	-1.2%	+1.0%	+3.2%	+10.3%

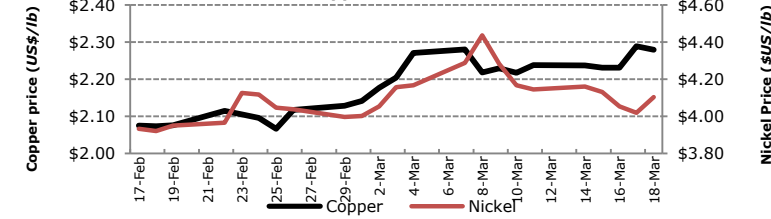
#### Gold and Silver



#### Industrial Metals

\$US/lb	18-Mar	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.28	-\$0.01	-0.4%	+1.8%	+9.8%	+8.0%
Nickel	\$4.10	+\$0.08	+2.1%	-1.0%	+4.3%	-0.1%
Zinc	\$0.90	+\$0.03	+2.9%	-0.2%	+6.2%	+16.0%
Aluminum	\$0.74	+\$0.00	0.0%	-3.9%	-1.3%	-2.6%
Uranium	\$29.75	+\$0.00	0.0%	+4.4%	-12.5%	-13.1%

#### Copper and Nickel



#### Agriculture & Other

	18-Mar	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.67	-\$0.02	-0.4%	+0.5%	-0.7%
Wheat (\$US/bu)	\$4.63	+\$0.00	+0.1%	-2.7%	-1.2%
Soybeans (\$US/bu)	\$8.98	-\$0.00	-0.0%	+0.2%	+1.7%
Rough Rice (\$US/cwt)	\$10.45	-\$0.10	-0.9%	+1.2%	-6.1%
Sugar #11 (#US/lb)	¢15.97	±0.02	-0.1%	+5.6%	+24.3%
Lean Hogs (#US/lb)	¢83.90	±0.10	+0.1%	+1.0%	+4.5%
Live Cattle (#US/lb)	¢129.10	±1.60	-1.2%	+0.4%	+4.6%
Cotton No.2 (\$US/lb)	\$0.57	-\$0.01	-2.1%	+0.0%	-4.3%
Lumber (\$US/Mbft)	\$297.10	-\$3.20	-1.1%	+1.9%	+14.2%

#### Commodity ETFs

	18-Mar	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$4.16	-\$0.06	-1.4%	+4.8%	+41.0%
HBP Nat Gas U	\$8.17	-\$0.31	-3.7%	+6.0%	-7.9%
iShares Gold ETF	\$11.07	-\$0.01	-0.1%	+0.1%	-0.4%
<b>\$USD</b>					
US Crude Oil	\$10.48	-\$0.07	-0.7%	2.85%	+19.4%
US Nat Gas	\$6.68	-\$0.15	-2.2%	3.89%	-6.8%
PSDB Agriculture	\$21.09	-\$0.06	-0.3%	1.30%	+5.9%
PSDB Base Metals	\$12.69	+\$0.01	+0.1%	0.95%	+7.0%

### Interest Rates

#### Canadian yield curve

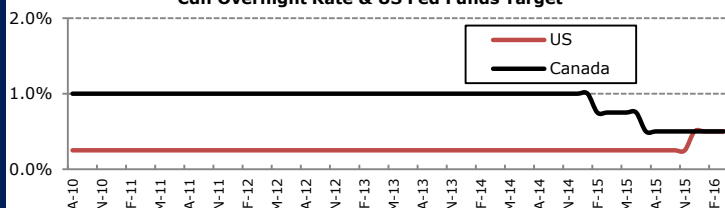
	18-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.46%	-	0.46%	0.47%	0.53%
6-mnth	0.50%	-	0.47%	0.49%	0.54%
12-mnth	0.51%	-	0.47%	0.50%	0.55%
2-year	0.54%	+0.01%	0.48%	0.50%	0.48%
5-year	0.71%	-	0.66%	0.75%	0.73%
10-year	1.29%	-0.00%	1.18%	1.40%	1.31%
20-year	2.06%	-0.00%	1.95%	2.10%	1.90%
30-year	2.08%	+0.00%	1.97%	2.12%	1.95%

#### US yield curve

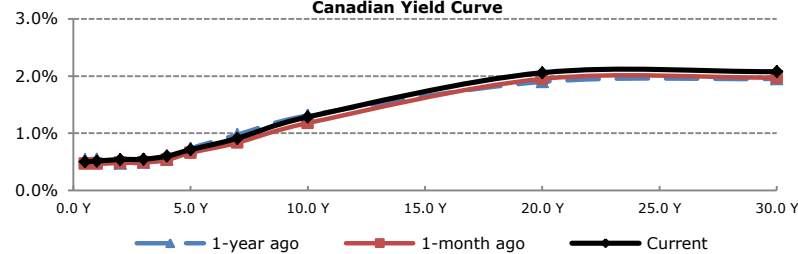
	18-Mar	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.28%	+0.01%	0.30%	0.17%	0.01%
6-mnth	0.43%	-0.03%	0.43%	0.45%	0.12%
12-mnth	0.61%	-0.03%	0.51%	0.65%	0.24%
2-year	0.84%	-0.03%	0.74%	0.95%	0.61%
5-year	1.33%	-0.04%	1.26%	1.68%	1.47%
10-year	1.87%	-0.02%	1.82%	2.20%	1.97%
30-year	2.68%	-0.01%	2.69%	2.92%	2.53%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.50%	0.50%	13-4-2016	0.50%
US Fed Funds	0.50%	0.50%	27-4-2016	0.50%

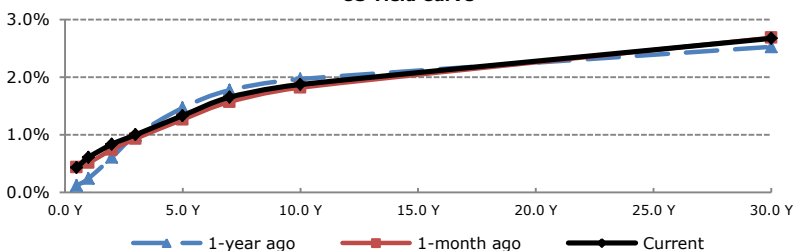
Cdn Overnight Rate & US Fed Funds Target



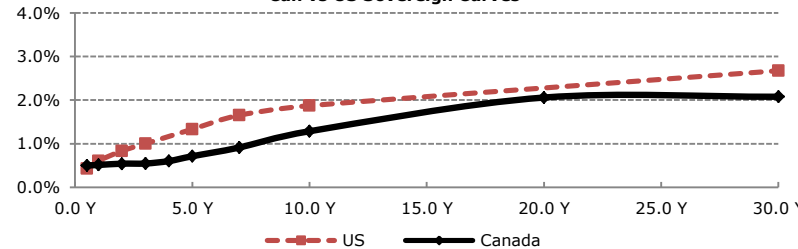
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



### Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	18-Mar	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.300		+0.003	1.373	1.373	1.272
EURUSD	\$1.127		-0.005	1.111	1.093	1.066
USDJPY	¥111.55		+0.160	113.24	121.68	120.78
GBPUSD	\$1.448		-0.001	1.434	1.504	1.475
AUDUSD	\$0.761		-0.004	0.716	0.719	0.765

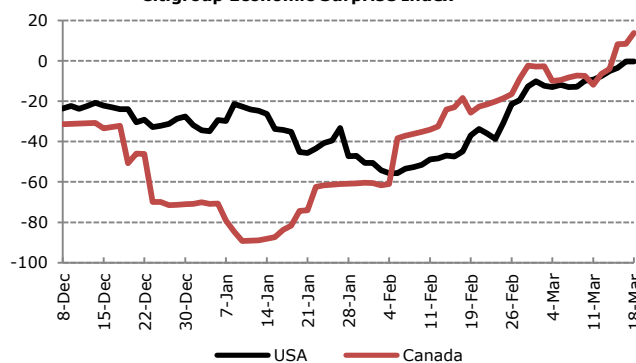
	Spot	18-Mar	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥85.79		-0.057	82.50	88.60	94.98
CADAUD	\$1.012		+0.004	1.018	1.012	1.028
GBPCAD	£1.883		+0.003	1.968	2.065	1.876
EURJPY	¥125.72		-0.360	125.78	132.99	128.74
EURAUD	\$1.48		+0.002	1.55	1.52	1.39

### Economic Releases

United States	Period	Survey	Actual	Prior
Mon, Mar 21	Existing Home Sales	29-Feb	5.31M	5.47M
Wed, Mar 23	New Home Sales	29-Feb	510K	494K
Thu, Mar 24	Durable Goods Orders	29-Feb	-3%	4.7%
Thu, Mar 24	Continuing Claims	12-Mar	2229.5K	2235K
Thu, Mar 24	Initial Jobless Claims	19-Mar	268K	265K
Fri, Mar 25	GDP QoQ (Annualized)	31-Mar	1%	0%

Canada	Period	Survey	Actual	Prior

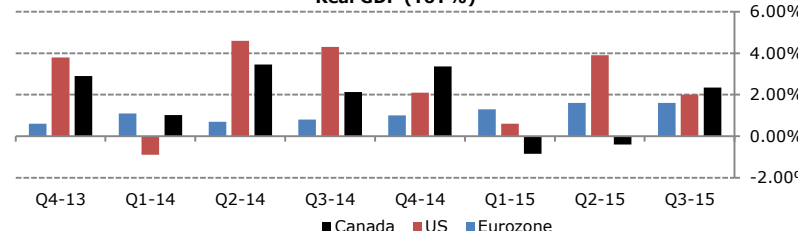
Citigroup Economic Surprise Index



### Economics

	Q4-14	Q1-15	Q2-15	Q3-15
<b>Canada</b>				
Real GDP	3.36%	-0.85%	-0.40%	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%
<b>China</b>				
Real GDP	7.20%	7.00%	7.00%	6.90%

Real GDP (YoY%)

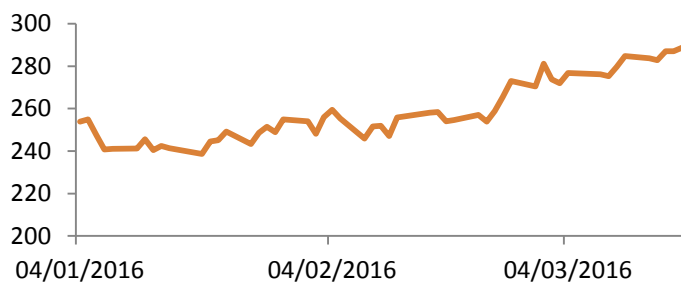


### Deal Highlights

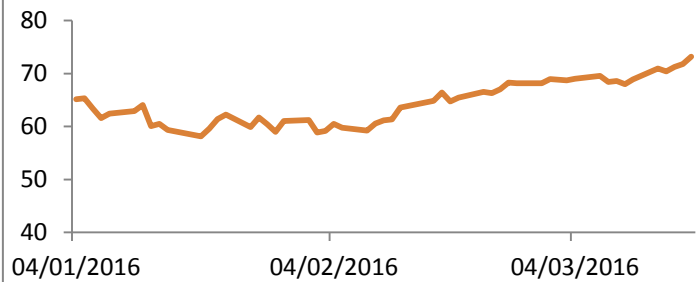
Sherwin-Williams made a bid to buy rival Valspar for \$9.3 billion. If completed, the deal would create a new paint giant whose lines of paints are sold in North America, Europe and Asia. But the structure of the transaction also showed some unusual concessions that the companies would make if their proposed union ran into regulatory hurdles. Sherwin-Williams' proposed transaction will have them pay \$113 a share, a 35% premium over Valspar's closing price on Friday. The deal will bolster Sherwin-Williams' international presence; as well as add new product lines for Sherwin-Williams, such as coatings for food and industrial coils. Sherwin-Williams plans on using debt, as well as cash on hand, to finance the transaction, which is predicted to lower the company's credit rating from A2.

Marriott International upped its bid for Starwood Hotels & Resorts on Monday. In November, Marriott and Starwood reached an agreement where Marriott would pay \$2 cash and 0.92 of Marriott stock for every Starwood share, valuing the deal at \$12.2 billion. A counterbid by a consortium of investors topped Marriott's initial offer shortly after, worth about \$13.2 billion. Marriott has now revised its bid to pay \$21 a share in cash and 0.80 shares of Marriott, valuing the company at \$13.6 billion as of market close on Friday. The combined company, which will include brands such as Sheraton and Westin, would create the largest hotel company in the world, with more than 5,500 hotels under their brands. Marriott expects to achieve \$250 million in annual cost savings after the first two years.

#### Sherwin Williams Historic Price



#### Marriot International Historic Price



### Select Canadian Deals

Date	Company	Acquirer	Seller	Deal	Value (mm)	Status
18-Mar-16	Caspian Energy Inc	Sixth Energy Ltd/The		Merger & Acquisition	337	Completed
17-Mar-16	Columbia Pipeline Group Inc	TransCanada Corp		Merger & Acquisition	12026	Pending
17-Mar-16	Midstream assets/Paramount	Pembina Pipeline Corp	Paramount Resources Ltd	Merger & Acquisition	428	Pending
15-Mar-16	Asciano Ltd	Multiple acquirers		Merger & Acquisition	6788	Pending
10-Mar-16	evista nickel-copper-gold PGI	Boliden AB	First Quantum Minerals Ltd	Merger & Acquisition	712	Pending
08-Mar-16	497 Esso Retail Sites	Multiple acquirers	Imperial Oil Ltd	Merger & Acquisition	2092	Pending
08-Mar-16	re oil and gas assets/Canada	Potential Buyer	Encana Corp	Merger & Acquisition	747	Proposed
07-Mar-16	Sehac Holdings Corp	EnerCare Inc		Merger & Acquisition	341	Pending
02-Mar-16	Rexall Drug Stores Ltd	McKesson Corp	Katz Group Canada Ltd	Merger & Acquisition	2231	Pending
02-Mar-16	Checkpoint Systems Inc	CCL Industries Inc		Merger & Acquisition	361	Pending
25-Feb-16	New England hydroelectric	Public Sector Pension Investme	Engie SA	Merger & Acquisition	1200	Pending
24-Feb-16	RimRock Oil & Gas	Multiple acquirers		Investments	500	Pending

### Select US Deals

20-Mar-16	Valspar Corp/The	Sherwin-Williams Co/The		Merger & Acquisition	11206	Pending
20-Mar-16	Nexeo Solutions LLC	WL Ross Holding Corp	TPG Capital Management LP	Merger & Acquisition	1600	Pending
20-Mar-16	Affymetrix Inc	Origen Technologies Corp LLC		Merger & Acquisition	1308	Pending
18-Mar-16	ATI Holdings LLC	Potential Buyer	KRG Colorado LLC	Merger & Acquisition	2000	Proposed
18-Mar-16	airbus Defense Electronics Uni	KKR & Co LP	Airbus Group SE	Merger & Acquisition	1240	Pending
18-Mar-16	AmerisourceBergen Corp	Walgreens Boots Alliance Inc		Investments	1170	Completed
18-Mar-16	Shops at Crystals mall	Invesco Ltd, Simon Property Group	MGM Resorts International	Merger & Acquisition	1100	Pending
17-Mar-16	Columbia Pipeline Group Inc	TransCanada Corp		Merger & Acquisition	12026	Pending
15-Mar-16	Asciano Ltd	Multiple acquirers		Merger & Acquisition	6788	Pending
15-Mar-16	os & Tecnologia de Pagament	FleetCor Technologies Inc	CCR SA	Merger & Acquisition	1089	Pending
14-Mar-16	ood Hotels & Resorts Worldwi	Multiple acquirers		Merger & Acquisition	14487	Pending

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

Manager	Vol (MM USD)	Issues	Fees(%)	Table Share(%)
RBC Capital Markets	3,650	10	3.32	30.7
TD Securities	2,927	5	3.29	24.6
Scotiabank	1,145	6	3.62	9.6
CIBC	1,132	6	3.61	9.5
BMO Capital Markets	1,069	5	3.73	9.0
Peters & Co Ltd	545	4	4.20	4.6
Credit Suisse	383	1	3.50	3.2
FirstEnergy Capital Corp	273	3	4.31	2.3
National Bank Financial I	271	4	4.13	2.3
Barclays	101	1	4.00	0.9

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

Manager	Vol (MM USD)	Issues	Fees(%)	Table Share(%)
JP Morgan	5,755	25	2.83	19.3
Goldman Sachs	4,771	20	2.05	16.0
Bank of America Merr	3,833	20	2.67	12.9
Credit Suisse	2,763	15	2.59	9.3
Citi	2,249	13	2.62	7.6
Morgan Stanley	1,640	12	3.34	5.5
UBS	1,362	6	2.94	4.6
Barclays	1,285	7	1.41	4.3
Wells Fargo	1,054	9	3.04	3.5
RBC Capital Markets	891	11	3.38	3.0