

Today's Commentary

Barak Obama's public inauguration was held yesterday as US markets were closed for Martin Luther King Jr. Day. There is a growing sense of optimism as amongst investors as recent polls show that 53% of respondents expected stocks to generate the highest returns this year. This comes on the back of 48 of the 67 companies reporting last period beating analyst estimates, which has caused the S&P 500 to rally to just 5% off its all-time highs. The S&P/TSX Composite closed the day at 12,794.25 as RIM continued to rally in anticipation of new smart phone releases in the coming weeks. The BOJ agreed to double its inflation target to 2% to help fight deflation. There is also considerable speculation that Tim Geithner may have leaked information about rate changes to banks before they became public in 2007.

The Bank of Japan committed to Abe's policy of targeting 2 percent inflation through open-ended asset purchases on Tuesday. Five-year bond yields are now trading as low as 0.145 percent, while the Nikkei 225 Stock Average has risen for ten consecutive weeks, its longest winning streak since 1987. Back in 2006, Abe had actually supported the BOJ in a decision to raise interest rates, but he now acknowledges that it was a mistake. The yen has depreciated about 10 percent since November, which has stoked fears that inflation in gasoline prices is already surpassing the BOJ's target. The country has been increasingly dependent on energy imports since cutting back on nuclear output following the Fukushima disaster two years ago.

There is compelling evidence suggesting that former NY Fed president Tim Geithner may have leaked highly confidential information regarding a reduction in the discount rate back in 2007. The evidence comes from transcripts which have been declassified with a five year delay. In response to a statement by Geithner indicating that the banks were unaware of the rate cut that was under consideration at the time, Richmond Fed president Jeff Lacker replied, "I spoke with Ken Lewis, President and CEO of Bank of America, this afternoon, and he said that he appreciated what Tim Geithner was arranging by way of changes in the discount facility. So my information is different from that." The S&P 500 mysteriously rose 50 points in the span of an hour (on no news) the day before the Fed's decision was made public, suggesting that certain banks may have profited tremendously from inside information.

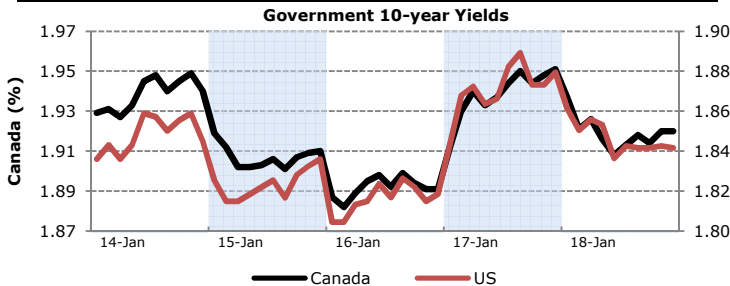
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

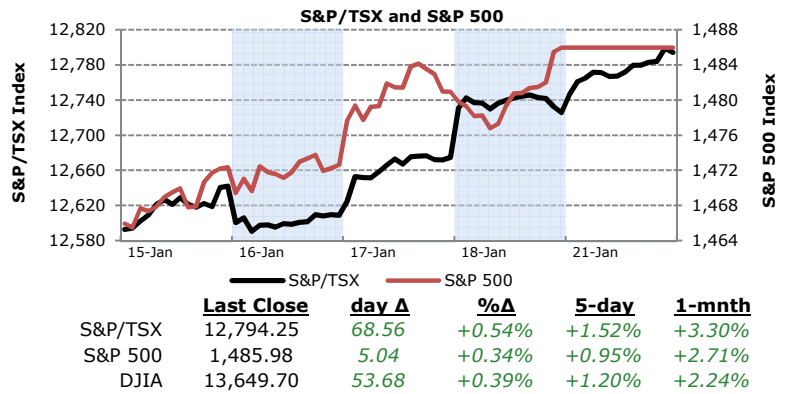
United States	Period	Survey	Actual	Prior
Existing Home Sales	31-Dec	5.1M	-	5.04M

Canada	Period	Survey	Actual	Prior
Retail Sales (MoM)	31-Dec	--	0.2%	0.7%

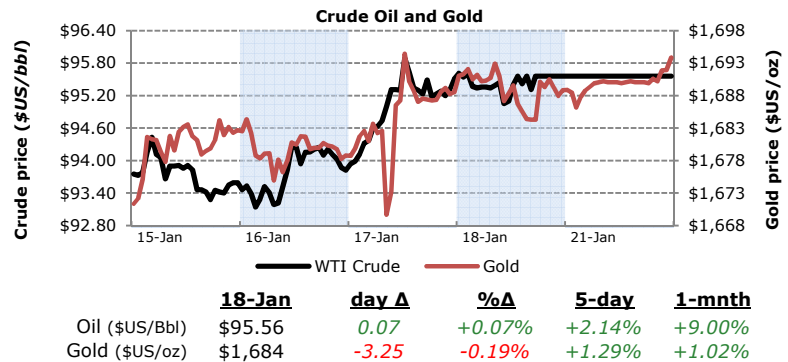
Interest Rates



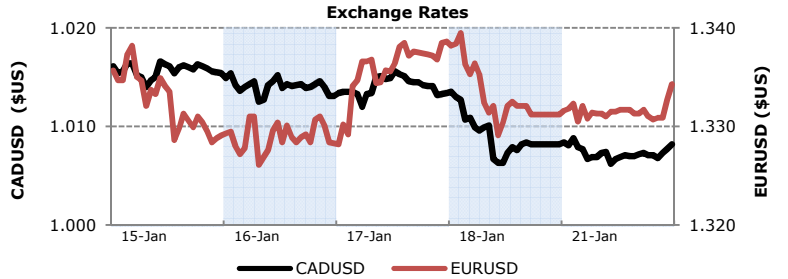
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	21-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.993	+0.001	0.984	0.988	0.999
EURUSD	\$1.331	-0.001	1.338	1.324	1.314
USDJPY	¥89.60	-0.500	89.480	84.39	76.22

	Government 10-year Yields		Historical levels		
	21-Jan	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.94%	0.015%	1.81%	1.85%	2.06%
United States	1.84%	-0.038%	1.76%	1.76%	2.02%

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.

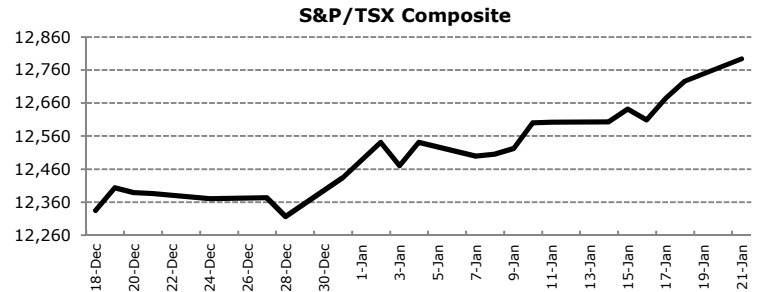
<http://www.rotman.utoronto.ca/financeassociation>

Sponsored By:

The information contained in this report is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of author(s), and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

	<u>21-Jan</u>	<u>day Δ</u>	<u>%Δ</u>
S&P/TSX	12,794.25	68.56	+0.54%

	<u>Trailing S&P/TSX</u>	<u>TSX 60</u>
5-day	+1.52%	+1.66%
1-month	+3.30%	+3.20%
3-months	+3.05%	+3.46%
6-months	+10.08%	+10.81%
12-months	+3.20%	+3.79%



TSX Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
C. Discretionary	+0.73%	+3.08%	+5.28%	+18.36%
C. Staples	+0.29%	-0.06%	+0.31%	+21.96%
Energy	+0.37%	+1.49%	+2.47%	-7.98%
Financials	+0.67%	+1.84%	+2.38%	+10.01%
Healthcare	+0.54%	+0.39%	+4.40%	+8.30%
Info Tech	+1.94%	+4.94%	+15.80%	+18.41%
Industrials	+0.49%	+1.53%	+7.25%	+14.82%
Materials	+0.57%	+0.72%	+3.61%	-10.77%
Metals & Mining	+0.41%	+0.19%	+5.00%	-14.10%
Telecom	+0.19%	+2.03%	+0.65%	+8.48%
Utilities	+0.57%	+1.89%	+5.33%	+4.76%

TSX Top Performers

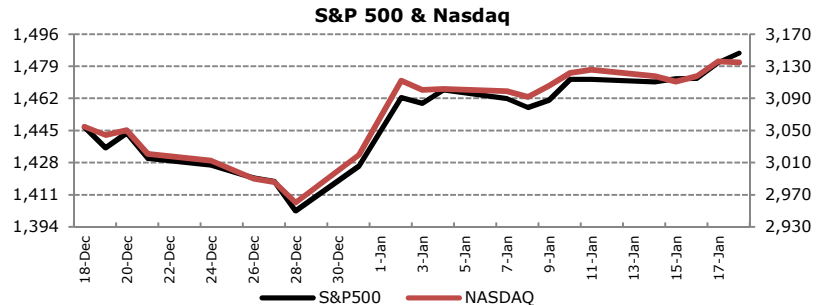
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Research In Motion		+10.82%	+18.44%	+60.31%	+0.99%
Rona Inc		+3.13%	+10.53%	+13.82%	+25.82%
Major Drilling Group Intl		+2.89%	+4.31%	+23.47%	-26.91%
Nordion Inc		+2.86%	+1.41%	+0.47%	-27.80%
Pepto Exploration & Dev C		+2.85%	+6.92%	+6.54%	+31.83%

TSX Worst Performers

	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Nevsun Resources Ltd		-8.66%	-5.17%	+9.01%	-29.80%
Gabriel Resources Ltd		-5.32%	+2.69%	+14.59%	-56.44%
China Gold International		-2.65%	+1.10%	+8.24%	+21.05%
Cgi Group Inc - Class A		-2.25%	-2.85%	+0.08%	+23.13%
Petrobank Energy & Resour		-2.17%	-4.26%	-7.73%	-22.44%

US Indices

	<u>S&P 500</u>	<u>DJIA</u>	<u>Nasdaq</u>
Trailing			
18-Jan	1,485.98	13,649.70	3,134.71
1-day	+0.34%	+0.39%	-0.04%
5-day	+0.95%	+1.20%	+0.29%
1-month	+2.71%	+2.24%	+2.62%
3-months	+1.97%	+0.74%	+2.01%
6-months	+8.25%	+5.74%	+6.53%
12-months	+13.60%	+8.51%	+13.18%



S&P 500 Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
C. Discretionary	+0.18%	+1.96%	+3.97%	+21.48%
C. Staples	+0.38%	+1.50%	+2.00%	+13.33%
Energy	+0.90%	+2.29%	+3.36%	+5.39%
Financials	+0.15%	+0.30%	+4.04%	+23.20%
Healthcare	+0.37%	+1.12%	+3.04%	+17.86%
Info Tech	-0.33%	-0.54%	+0.56%	+9.72%
Industrials	+1.00%	+2.22%	+4.21%	+11.22%
Materials	+0.55%	+0.83%	+5.58%	+6.95%
Telecom	+0.78%	-1.90%	-1.94%	+12.80%
Utilities	+0.86%	+0.91%	+0.16%	+2.42%

DJIA Top Performers

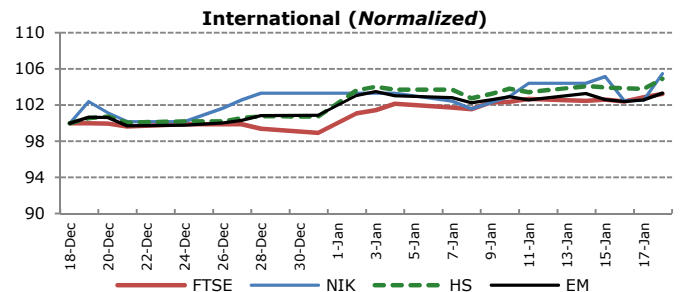
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
General Electric Co		+3.47%	+4.31%	+2.54%	+19.07%
Caterpillar Inc		+2.01%	+2.55%	+8.17%	-5.60%
Du Pont (E.I.) De Nemours		+1.36%	+1.82%	+4.68%	-1.51%

DJIA Worst Performers

	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Intel Corp		-6.31%	-3.41%	+1.38%	-14.21%
American Express Co		-1.58%	-2.38%	+3.75%	+18.97%
Bank Of America Corp		-1.24%	-4.21%	-1.85%	+60.83%

International Markets

	<u>FTSE 100</u>	<u>Nikkei</u>	<u>Hang Seng</u>	<u>MSCI EM</u>
Trailing				
Last Close	6,180.98	10,747.74	23,590.91	1,080.74
1-day	+0.43%	-1.52%	-0.05%	+0.71%
5-day	+1.20%	-0.50%	+0.76%	+0.72%
1-month	+4.06%	+8.13%	+4.82%	+3.30%
3-months	+4.83%	+19.38%	+9.46%	+6.65%
6-months	+9.36%	+23.97%	+20.11%	+16.10%
12-months	+7.90%	+22.60%	+17.31%	+10.18%



This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

Nymex WTI Crude Oil

(\$US/Bbl)	18-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$95.56	+\$0.07	+0.07%	+2.14%	+9.00%
Cal 13	\$96.41	+\$0.22	+0.23%	+2.06%	+5.94%
Cal 14	\$93.57	+\$0.30	+0.32%	+1.38%	+2.83%

(\$US/bbl)	Q2-13	Q3-13	Q4-13	Q1-14	2014
Consensus Forecast	\$94.50	\$96.75	\$98.00	\$100.00	\$98.00
Current Forward	\$96.71	\$96.85	\$96.06	\$95.00	\$93.57

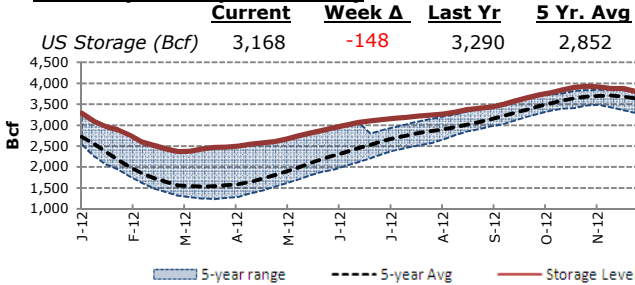
Inventory Levels (as of Jan-11)

(Mbbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	360,302	-951	337,426	319,411
Motor Gas	234,995	+1,910	214,389	200,481
Distillates	132,430	+1,686	171,756	140,851

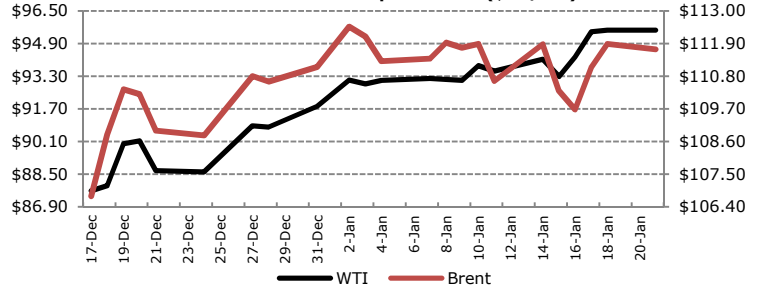
Nymex Natural Gas

(\$US/MMbtu)	18-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.57	+\$0.07	+2.06%	+7.18%	+4.33%
Feb13-Mar13	\$3.61	+\$0.07	+1.90%	+6.51%	-10.11%
Apr13-Oct13	\$3.71	+\$0.06	+1.70%	+5.71%	-7.06%
Nov13-Mar14	\$4.09	+\$0.05	+1.30%	+4.16%	-1.89%
Apr14-Oct14	\$4.07	+\$0.05	+1.19%	+3.07%	-1.61%

Inventory Levels (as of Jan-11)



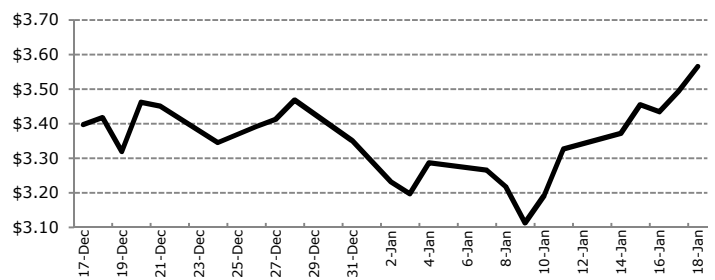
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	18-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$111.89	+\$0.79	+0.71%	+1.13%	+4.81%

Nat Gas Prompt (\$US/MMbtu)



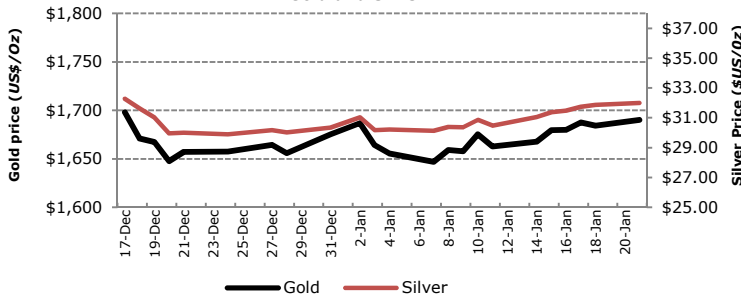
Alberta Natural Gas

(\$CAD/GJ)	21-Jan	day Δ	%Δ
AECO Feb-13	\$2.99	+\$0.00	+0.0%

Precious Metals

\$US/oz	18-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,684.30	-\$3.25	-0.2%	+1.3%	+1.0%	-2.2%
Silver	\$31.87	+\$0.12	+0.4%	+4.6%	+2.7%	-0.7%
Platinum	\$1,669	-\$23.25	-1.4%	+2.3%	+5.0%	+3.1%

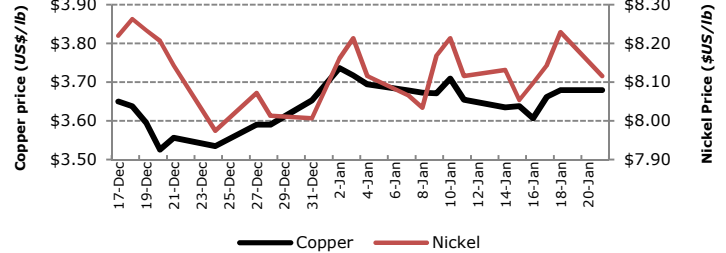
Gold and Silver



Industrial Metals

\$US/lb	18-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.68	+\$0.02	+0.5%	+0.7%	+2.3%	+1.1%
Nickel	\$8.23	+\$0.09	+1.1%	+1.4%	-0.1%	+3.1%
Zinc	\$1.00	+\$0.03	+2.6%	+0.8%	-0.9%	+8.1%
Aluminum	\$0.92	+\$0.01	+1.1%	-2.1%	-2.1%	+2.2%
Uranium	\$42.00	+\$0.00	0.0%	0.0%	-5.6%	-4.5%

Copper and Nickel



Agriculture & Other

	18-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.28	+\$0.03	+0.4%	+2.6%	+3.5%
Wheat (\$US/bu)	\$7.91	+\$0.10	+1.3%	+4.8%	-1.8%
Soybeans (\$US/bu)	\$14.29	-\$0.01	-0.1%	+4.1%	-0.1%
Rough Rice (\$US/cwt)	\$15.16	-\$0.08	-0.5%	-0.4%	-2.2%
Sugar #11 (¢US/lb)	¢18.37	-\$0.05	-0.3%	-4.2%	-4.5%
Lean Hogs (¢US/lb)	¢88.08	+¢0.00	+0.0%	+1.1%	-3.7%
Live Cattle (¢US/lb)	¢129.83	-\$1.05	-0.8%	-3.5%	-5.9%
Cotton No.2 (\$US/lb)	\$0.79	+\$0.01	+1.0%	+3.9%	+3.5%
Lumber (\$US/Mbft)	\$362.30	-\$7.10	-1.9%	-4.9%	-0.7%

Commodity ETFs

\$CAD	21-Jan	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.74	-\$0.02	-0.4%	+2.8%	+15.9%
HBP Nat Gas U	\$13.65	+\$0.41	+3.1%	+15.3%	+9.7%
HBP Comex Gold	\$16.98	+\$0.18	+1.1%	+2.2%	+2.0%

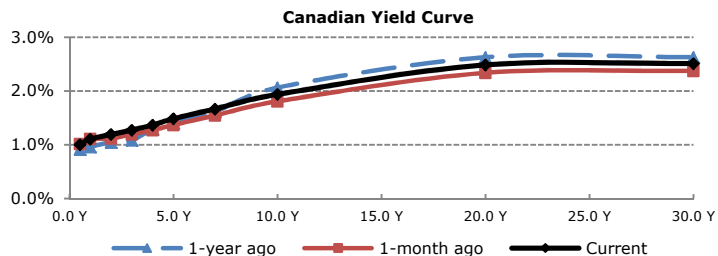
\$USD	18-Jan	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.67	+\$0.00	+0.0%	1.79%	+6.1%
US Nat Gas	\$19.62	+\$0.00	+0.0%	4.81%	+3.2%
PSDB Agriculture	\$27.83	+\$0.00	+0.0%	0.22%	-1.9%
PSDB Base Metals	\$18.77	+\$0.00	+0.0%	-1.47%	-2.3%

This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

Interest Rates

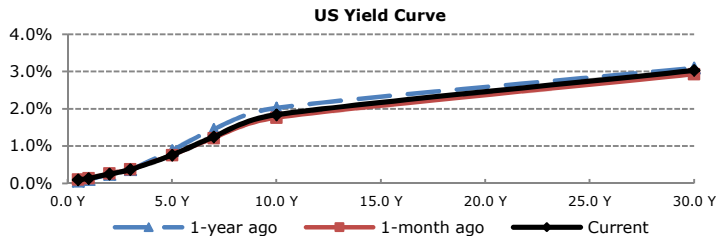
Canadian yield curve

	21-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.90%	-	0.92%	1.00%	0.84%
6-mnth	1.00%	-	1.01%	1.04%	0.91%
12-mnth	1.10%	-	1.11%	1.09%	0.96%
2-year	1.19%	+0.01%	1.12%	1.14%	1.04%
5-year	1.48%	+0.02%	1.37%	1.40%	1.40%
10-year	1.94%	+0.02%	1.81%	1.85%	2.06%
20-year	2.48%	+0.02%	2.34%	2.37%	2.63%
30-year	2.51%	+0.01%	2.37%	2.42%	2.63%

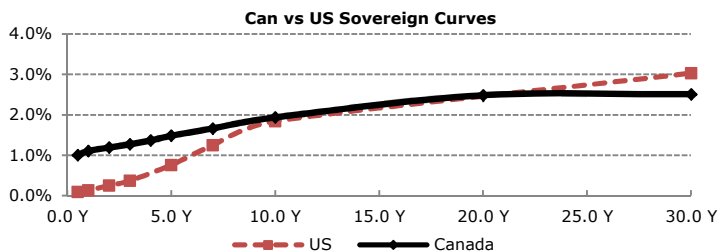
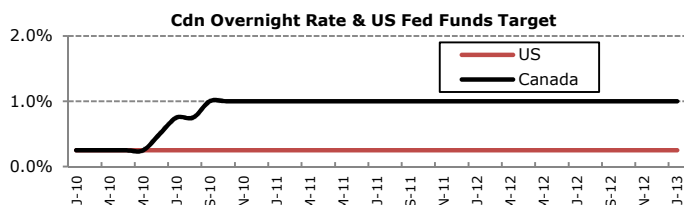


US yield curve

	18-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.07%	-	0.06%	0.10%	0.04%
6-mnth	0.10%	-0.01%	0.11%	0.15%	0.06%
12-mnth	0.13%	-0.01%	0.14%	0.18%	0.10%
2-year	0.25%	-0.01%	0.27%	0.29%	0.24%
5-year	0.76%	-0.03%	0.76%	0.75%	0.89%
10-year	1.84%	-0.04%	1.76%	1.76%	2.02%
30-year	3.03%	-0.04%	2.93%	2.90%	3.10%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	0-Jan-00	#N/A
US Fed Funds	0.25%	0.25%	0-Jan-00	#N/A



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	21-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$0.993	+0.001		0.988	0.992	0.999
EURUSD	\$1.331	-0.001		1.324	1.306	1.314
USDJPY	¥89.60	-0.500		84.39	79.94	76.22
GBPUSD	£1.583	-0.004		1.628	1.602	1.581
AUDUSD	\$1.052	+0.001		1.048	1.032	1.071

	Spot	21-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥90.24	-0.601		85.42	80.57	76.27
CADAUD	\$0.958	-0.002		0.966	0.976	0.934
GBP CAD	£1.572	-0.002		1.608	1.589	1.580
EURJPY	¥119.30	-0.680		111.76	104.41	100.18
EURAUD	\$1.27	-0.001		1.26	1.27	1.23

Economic Releases

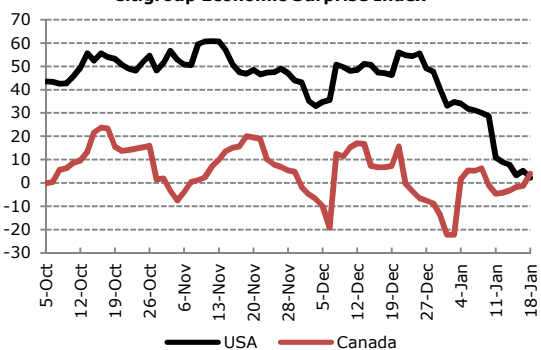
United States

		Period	Survey	Actual	Prior
Tue, Jan 22	Existing Home Sales	31-Dec	5.1M	5.04M	4.79M
Thu, Jan 24	Leading Indicators	31-Dec	0.4%	--	-0.2%
Thu, Jan 24	Continuing Claims	12-Jan	3200%	--	3214%
Thu, Jan 24	Initial Jobless Claims	19-Jan	355K	--	335K
Fri, Jan 25	New Home Sales	31-Dec	385K	--	377K

Canada

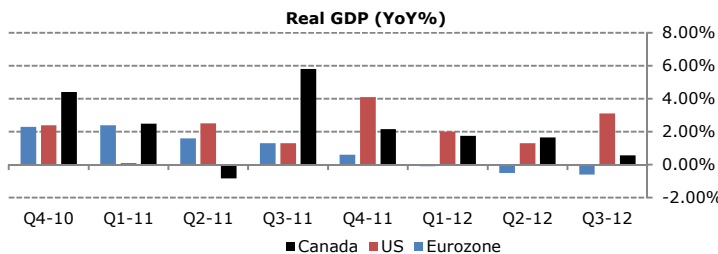
		Period	Survey	Actual	Prior
Tue, Jan 22	Retail Sales (MoM)	31-Dec	--	0.2%	0.7%
Fri, Jan 25	BOC CPI Core (YoY)	31-Dec	1.4%	--	1.2%
Fri, Jan 25	Consumer Price Index	31-Dec	1.2%	--	0.8%

Citigroup Economic Surprise Index



Economics

	Q4-11	Q1-12	Q2-12	Q3-12	2012E
Canada					
Real GDP	2.15%	1.74%	1.65%	0.57%	2.00%
CPI	2.70%	2.33%	1.57%	1.23%	1.60%
Unemployment	7.50%	7.20%	7.20%	7.40%	7.30%
US					
Real GDP	4.10%	2.00%	1.30%	3.10%	2.30%
CPI	3.30%	2.83%	1.90%	1.70%	2.10%
Unemployment	8.50%	8.20%	8.20%	7.80%	8.10%
China					
Real GDP	8.90%	8.10%	7.60%	7.40%	7.70%



This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**