

## Today's Commentary

The S&P 500 and DJIA closed at 52-week highs on Tuesday at 1492 and 13,712 respectively. The NASDAQ trails behind, remaining slightly below September's highs as investors wait and see how Apple's fourth quarter earnings turn out on Wednesday, after very positive numbers from Google and IBM on Tuesday. The S&P TSX composite is also trading at highs that have not been seen since late 2011. Oil and gold have also been trending upward to close at \$96.78 and \$1694 respectively. The Bank of Canada will announce an interest rate decision today, although it is widely expected that the benchmark interest rate will remain at 1 percent. The Keystone pipeline controversy is set to flare up again as a presidential decision is pending this spring.

Google's and IBM's fourth quarter earnings both beat expectations on Tuesday thanks to strong international growth. Google reported net revenue of \$9.83 billion ahead of \$9.6 billion estimates, with international revenues up 23 percent from last year. Meanwhile, IBM grew revenues by 12 percent in international markets (adjusted for currency volatility). The numbers bode well for increased spending in the technology sector. However, Google's newly acquired Motorola Mobility (May 2011) showed a loss of \$353 million in the fourth quarter. Despite the setback, Google shares were up 4.5 percent in after-hours trading, with IBM trading up over 4 percent as well. Markets are now looking towards Apple, which reports its earnings on Wednesday. The NASDAQ remains slightly below its highs from last Fall, whereas the S&P 500 and DJIA are both at 52-week highs.

Uncertainty persists as to whether President Obama will approve the Keystone oil pipeline this spring. The expansion to the pipeline would carry 830,000 barrels of oil from the Alberta oil sands to the Gulf Coast daily, and add 5000 jobs to the struggling U.S. economy in the process. However, the proposal has been criticized by environmentalists who point out that the oil sands produce between 5 and 30 percent more greenhouse gases than other forms of oil extraction, while using massive amounts of water and resulting in Canadian deforestation. Obama's inauguration speech this week emphasized climate change, which has led some to speculate that he is not in favor of the proposal. Meanwhile, Nebraska Governor Dave Heineman announced that the state had decided upon investigation that the pipeline posed minimal risk to the environment. A decision from the State Department is expected in late March.

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](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

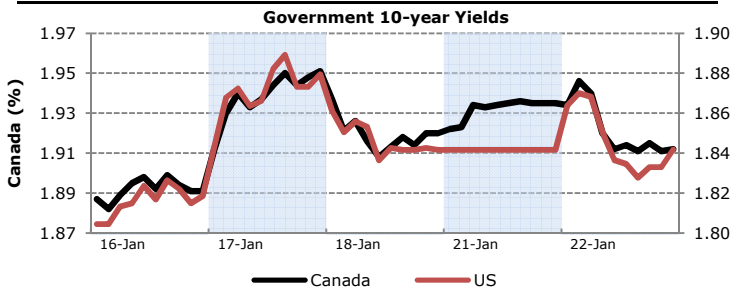
**United States**

Period	Survey	Actual	Prior
None Scheduled			

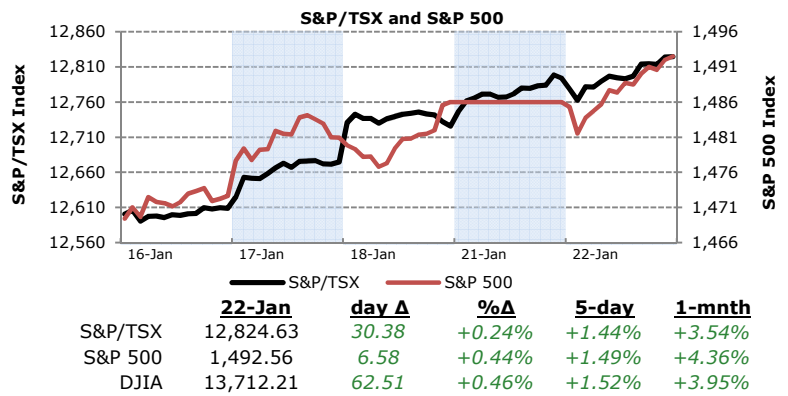
**Canada**

Period	Survey	Actual	Prior
None Scheduled			

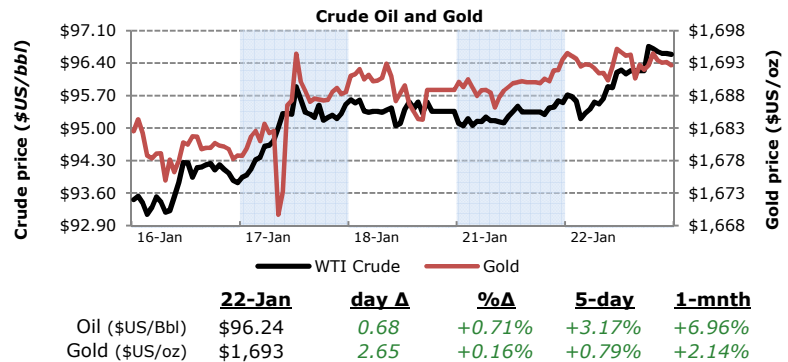
## Interest Rates



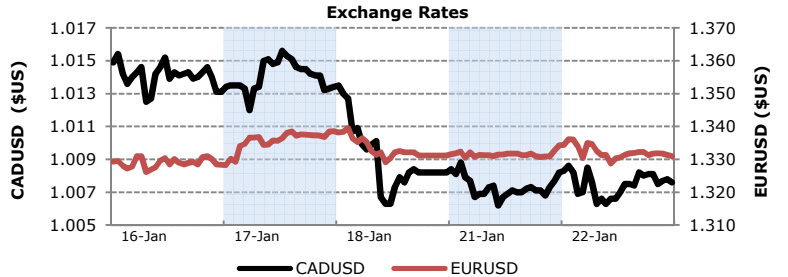
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	22-Jan	day Δ	Historical levels		
			-5 days	-1 mnt	-1 year
USDCAD	\$0.992	-0.001	0.984	0.993	0.993
EURUSD	\$1.332	+0.001	1.331	1.319	1.316
USDJPY	¥88.71	-0.890	88.790	84.24	76.60

	22-Jan	day Δ	Historical levels		
			-1 mnt	-3 mnt	-1 year
Government 10-year Yields					
Canada	1.91%	-0.023%	1.81%	1.85%	2.09%
United States	1.84%	0.000%	1.76%	1.79%	2.05%

## 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>

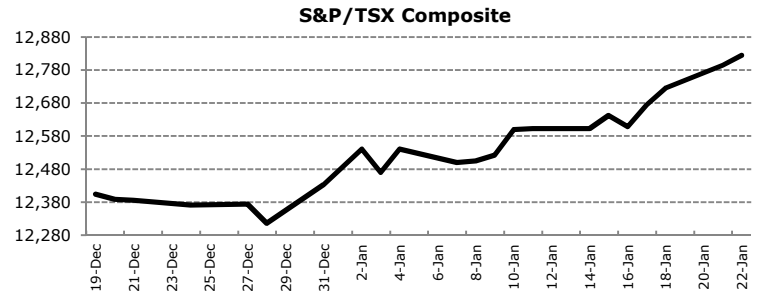
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	<u>22-Jan</u>	<u>day Δ</u>	<u>%Δ</u>
<b>S&amp;P/TSX</b>	12,824.63	30.38	+0.24%

	<u>Trailing S&amp;P/TSX</u>	<u>TSX 60</u>
5-day	+1.44%	+1.57%
1-month	+3.54%	+3.44%
3-months	+3.39%	+3.77%
6-months	+10.34%	+11.06%
12-months	+3.45%	+4.03%



### TSX Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
C. Discretionary	-0.17%	+2.31%	+5.10%	+18.16%
C. Staples	-0.06%	-0.39%	+0.25%	+21.89%
Energy	+0.42%	+1.51%	+2.90%	-7.59%
Financials	+0.21%	+1.89%	+2.60%	+10.24%
Healthcare	-0.33%	-0.51%	+4.06%	+7.95%
Info Tech	+0.17%	+6.23%	+16.00%	+18.61%
Industrials	-0.24%	+1.40%	+7.00%	+14.55%
Materials	+1.02%	+1.18%	+4.67%	-9.86%
Metals & Mining	+0.40%	+0.35%	+5.42%	-13.76%
Telecom	-0.33%	+1.12%	+0.32%	+8.12%
Utilities	+0.09%	+1.21%	+5.43%	+4.85%

### TSX Top Performers

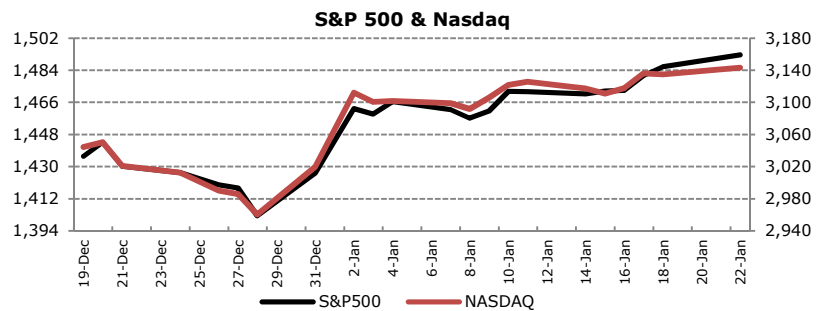
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Thompson Creek Metals Co		+6.13%	+7.44%	+13.95%	-49.59%
Hudbay Minerals Inc		+4.17%	+6.63%	+17.99%	+3.26%
Rona Inc		+4.13%	+11.87%	+18.52%	+30.48%
Rubicon Minerals Corp		+4.08%	+4.94%	+10.39%	-36.09%
Nevsun Resources Ltd		+4.03%	-1.35%	+13.40%	-26.61%

### 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>
Niko Resources Ltd		-3.48%	-5.60%	-2.07%	-82.11%
Magna International Inc		-2.96%	+3.22%	+7.47%	+27.06%
Black Diamond Group Ltd		-2.71%	+1.58%	+9.07%	+18.37%
Nordion Inc		-2.47%	-2.77%	-2.02%	-30.94%
Open Text Corp		-2.16%	+0.47%	+2.04%	+13.91%

### US Indices

	<u>S&amp;P 500</u>	<u>DJIA</u>	<u>Nasdaq</u>
Trailing			
22-Jan	1,492.56	13,712.21	3,143.18
1-day	+0.44%	+0.46%	+0.27%
5-day	+1.49%	+1.52%	+0.82%
1-month	+4.36%	+3.95%	+4.04%
3-months	+4.10%	+2.74%	+4.18%
6-months	+9.53%	+6.94%	+7.45%
12-months	+13.47%	+7.80%	+12.79%



### S&P 500 Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
C. Discretionary	+0.22%	+1.96%	+5.75%	+21.54%
C. Staples	-0.04%	+1.12%	+3.46%	+12.82%
Energy	+0.87%	+3.19%	+5.57%	+5.77%
Financials	+0.90%	+1.46%	+5.45%	+22.39%
Healthcare	+0.28%	+1.18%	+5.17%	+18.12%
Info Tech	+0.16%	+0.36%	+1.86%	+8.90%
Industrials	+0.37%	+2.28%	+5.64%	+11.05%
Materials	+0.90%	+1.65%	+6.98%	+8.25%
Telecom	+0.69%	-0.16%	+0.24%	+13.24%
Utilities	+0.81%	+1.88%	+1.96%	+3.88%

### DJIA Top Performers

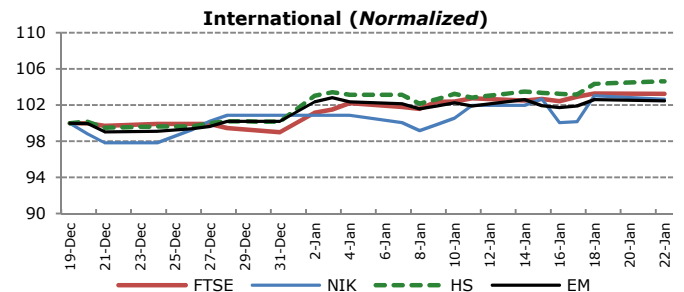
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Unitedhealth Group Inc		+2.68%	+4.99%	+1.80%	+8.42%
Alcoa Inc		+2.22%	+3.14%	+7.35%	-9.05%
Travelers Cos Inc/The		+2.15%	+4.00%	+7.04%	+32.99%

### 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>
Coca-Cola Co/The		-1.51%	+0.38%	+0.65%	+11.41%
Boeing Co/The		-1.17%	-3.12%	-2.64%	+0.58%
Johnson & Johnson		-0.74%	+0.18%	+3.44%	+15.97%

### International Markets

	<u>FTSE 100</u>	<u>Nikkei</u>	<u>Hang Seng</u>	<u>MSCI EM</u>
Trailing				
Last Close	6,179.17	10,709.93	23,658.99	1,079.07
1-day	-0.03%	-0.35%	+0.29%	-0.15%
5-day	+1.01%	-1.55%	+1.19%	-0.15%
1-month	+4.03%	+7.75%	+5.12%	+3.46%
3-months	+5.04%	+18.86%	+9.04%	+7.12%
6-months	+9.33%	+23.53%	+20.46%	+15.18%
12-months	+7.87%	+22.17%	+17.65%	+8.44%



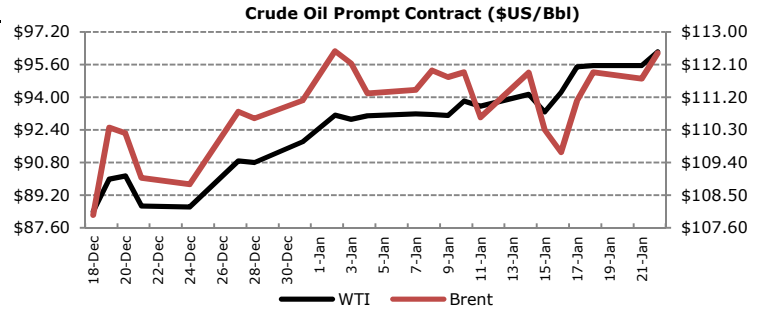
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**Nymex WTI Crude Oil**

(\$US/Bbl)	22-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$96.24	+\$0.68	+0.71%	+3.17%	+6.96%
Cal 13	\$97.10	+\$0.61	+0.64%	+2.00%	+8.90%
Cal 14	\$94.26	+\$0.68	+0.73%	+1.56%	+5.59%

(\$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	\$97.05	\$97.62	\$96.93	\$95.82	\$94.26



**Inventory Levels (as of Jan-11)**

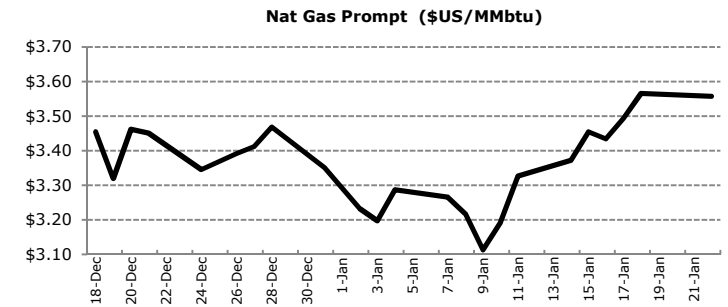
(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	360,302	-951	337,426	319,411
Motor Gas	234,995	+1,910	214,389	200,481
Distillates	132,430	+1,686	171,756	140,851

**UK Brent Crude Oil**

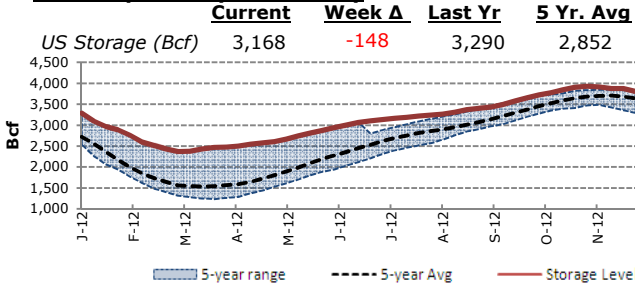
(\$US/Bbl)	22-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$112.42	+\$0.71	+0.63%	+1.92%	+1.87%

**Nymex Natural Gas**

(\$US/MMbtu)	22-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.56	-\$0.01	-0.22%	+5.48%	+7.17%
Feb13-Mar13	\$3.60	-\$0.00	-0.13%	+5.09%	-12.12%
Apr13-Oct13	\$3.71	-\$0.00	-0.05%	+4.53%	-9.04%
Nov13-Mar14	\$4.10	+\$0.00	+0.07%	+3.61%	-3.65%
Apr14-Oct14	\$4.08	+\$0.01	+0.23%	+3.09%	-3.26%



**Inventory Levels (as of Jan-11)**

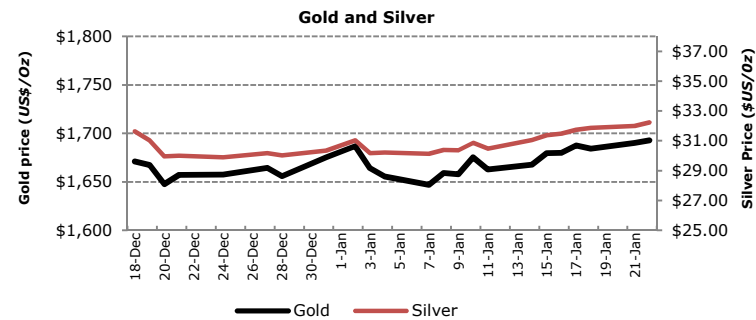


**Alberta Natural Gas**

(\$CAD/GJ)	22-Jan	day Δ	%Δ
AECO Feb-13	\$2.95	-\$0.04	-1.3%

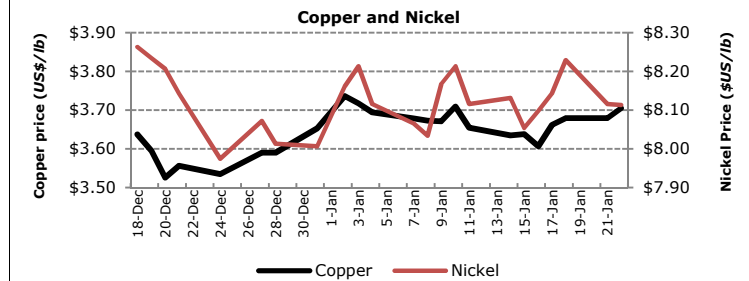
**Precious Metals**

\$US/oz	22-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,692.70	+\$2.65	+0.2%	+0.8%	+2.1%	-0.5%
Silver	\$32.24	+\$0.23	+0.7%	+2.7%	+7.4%	+1.5%
Platinum	\$1,696	+\$19.95	+1.2%	+0.8%	+10.1%	+8.7%



**Industrial Metals**

\$US/lb	22-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.71	+\$0.03	+0.7%	+1.9%	+4.2%	+3.8%
Nickel	\$8.11	-\$0.00	-0.0%	+0.7%	-0.4%	+5.9%
Zinc	\$1.00	+\$0.00	+0.4%	+3.4%	-0.2%	+10.9%
Aluminum	\$0.91	+\$0.00	0.0%	0.0%	-2.2%	+4.6%
Uranium	\$42.50	+\$0.50	+1.2%	+0.6%	-2.1%	-1.2%



**Agriculture & Other**

	22-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.29	+\$0.01	+0.1%	-0.3%	+3.8%
Wheat (\$US/bu)	\$7.79	-\$0.12	-1.5%	-0.4%	-1.6%
Soybeans (\$US/bu)	\$14.52	+\$0.23	+1.6%	+2.7%	+1.6%
Rough Rice (\$US/cwt)	\$15.40	+\$0.24	+1.6%	+2.3%	-0.6%
Sugar #11 (¢US/lb)	¢18.12	¢0.25	-1.4%	-2.7%	-5.9%
Lean Hogs (¢US/lb)	¢88.28	¢0.20	+0.2%	+0.8%	-3.7%
Live Cattle (¢US/lb)	¢130.48	¢0.65	+0.5%	-2.9%	-5.0%
Cotton No.2 (\$US/lb)	\$0.80	+\$0.01	+1.8%	+4.9%	+4.9%
Lumber (\$US/Mbft)	\$353.30	-\$9.00	-2.5%	-6.3%	-5.7%

**Commodity ETFs**

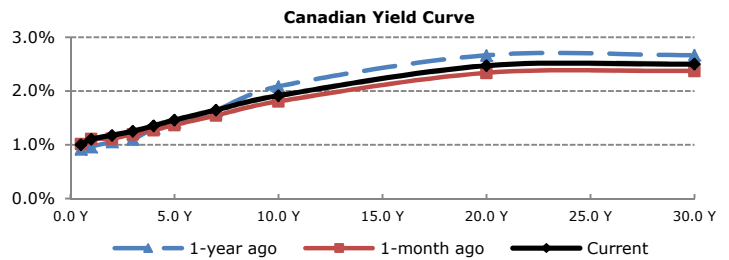
	22-Jan	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$4.82	+\$0.08	+1.7%	+6.2%	+14.2%
HBP Nat Gas U	\$13.09	-\$0.56	-4.1%	+6.9%	+8.6%
HBP Comex Gold	\$16.83	-\$0.15	-0.9%	+0.7%	+1.3%
<b>\$USD</b>					
US Crude Oil	\$35.01	+\$0.24	+0.7%	2.13%	+8.2%
US Nat Gas	\$19.97	-\$0.13	-0.6%	5.22%	+2.0%
PSDB Agriculture	\$27.65	-\$0.22	-0.8%	-0.79%	-1.9%
PSDB Base Metals	\$19.10	+\$0.18	+1.0%	1.49%	-0.1%

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## Interest Rates

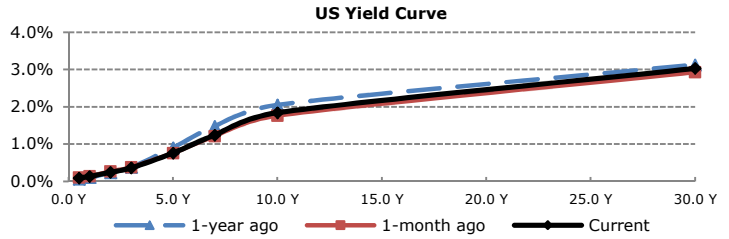
### Canadian yield curve

	<b>22-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.91%	-	0.92%	0.99%	0.84%
6-mnth	1.00%	-	1.01%	1.03%	0.92%
12-mnth	1.10%	-0.00%	1.11%	1.09%	0.96%
2-year	1.18%	-0.01%	1.12%	1.12%	1.05%
5-year	1.46%	-0.02%	1.37%	1.39%	1.42%
10-year	1.91%	-0.02%	1.81%	1.85%	2.09%
20-year	2.47%	-0.02%	2.34%	2.38%	2.66%
30-year	2.50%	-0.01%	2.37%	2.43%	2.67%

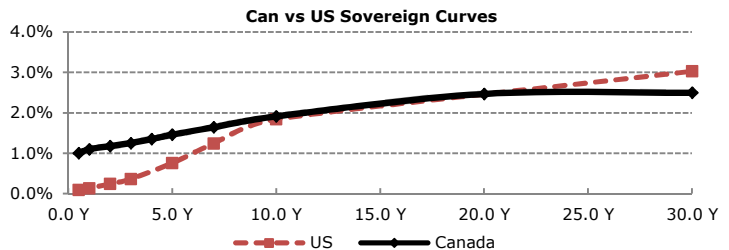
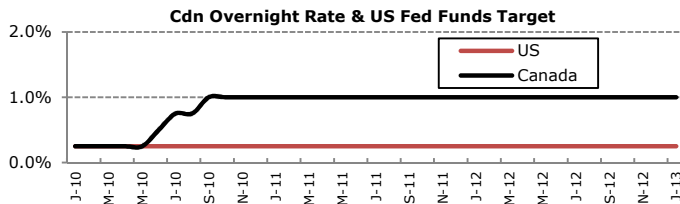


### US yield curve

	<b>22-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.06%	-0.01%	0.06%	0.11%	0.04%
6-mnth	0.09%	-0.01%	0.11%	0.15%	0.06%
12-mnth	0.13%	-	0.14%	0.18%	0.10%
2-year	0.24%	-0.01%	0.27%	0.29%	0.23%
5-year	0.76%	-0.00%	0.76%	0.76%	0.91%
10-year	1.84%	+0.00%	1.76%	1.79%	2.05%
30-year	3.03%	-0.00%	2.93%	2.95%	3.13%



	<b>Current</b>	<b>Prior</b>	<b>Next Meeting</b>	<b>Survey</b>
<b>Cdn Overnight</b>	<b>1.00%</b>	<b>1.00%</b>	<b>23-Jan-13</b>	<b>1.00%</b>
US Fed Funds	0.25%	0.25%	30-Jan-13	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

	<b>Spot</b>	<b>22-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$0.992	-0.001		0.993	0.992	0.993
EURUSD	\$1.332	+0.001		1.319	1.299	1.316
USDJPY	¥88.71	-0.890		84.24	79.85	76.60
GBPUSD	\$1.584	+0.001		1.617	1.595	1.582
AUDUSD	\$1.057	+0.005		1.040	1.027	1.077

	<b>Spot</b>	<b>22-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥89.43	-0.811		84.80	80.46	77.10
CADAUD	\$0.954	-0.003		0.968	0.982	0.935
GBP CAD	£1.571	-0.001		1.606	1.583	1.571
EURJPY	¥118.18	-1.120		111.08	103.69	100.79
EURAUD	\$1.26	-0.005		1.27	1.27	1.22

## Economic Releases

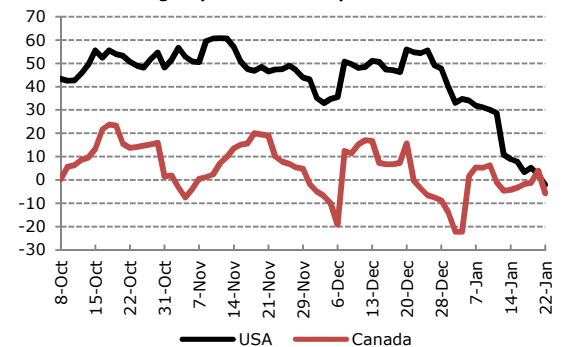
### United States

	<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>	
Tue, Jan 22	Existing Home Sales	31-Dec	5.1M	4.94M	5.04M
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

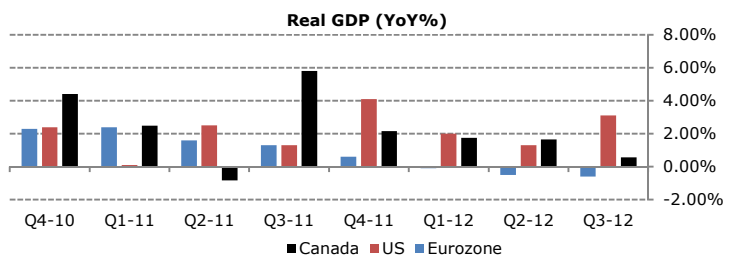
	<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>	
Tue, Jan 22	Retail Sales (MoM)	30-Nov	--	0.2%	0.7%
Fri, Jan 25	BOC CPI Core (YoY)	31-Dec	1.4%	--	1.2%
Fri, Jan 25	Consumer Price Index	31-Dec	1.2%	--	0.8%

### Citigroup Economic Surprise Index



## Economics

	<b>Q4-11</b>	<b>Q1-12</b>	<b>Q2-12</b>	<b>Q3-12</b>	<b>2012E</b>
<b>Canada</b>					
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%
<b>US</b>					
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%
<b>China</b>					
Real GDP	8.90%	8.10%	7.60%	7.40%	7.70%



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