

## Today's Commentary

The S&P/TSX Composite touched a 17-month high on Wednesday, but ended down 0.24 percent to close at 12,794. The Dow managed a 0.49 percent gain, while the S&P 500 was almost flat. Gold stocks pulled the TSX materials sector down 1.21 percent. Iamgold (IMG) fell 14.6 percent on a report of higher operating costs going forward, and disappointing output in 2012. Centerra Gold (CG) and Kinross Gold (K) were down 8.2 percent and 3.3 percent respectively, while the price of gold declined 0.23 percent to close at \$1683. Meanwhile, the Bank of Canada lowered its growth estimate for the Canadian economy, and Apple reported some bad news after the close.

The Bank of Canada is forecasting growth of 2.0 percent in 2013, a downgrade of its 2.3 percent estimate back in October. As expected, the benchmark interest rate was kept at 1.0 percent, where it has held steady since September 2010. Household debt remains a cause for concern as the bank stated that "While some modest withdrawal of monetary policy stimulus will likely be required over time, consistent with achieving the 2 per cent inflation target, the more muted inflation outlook and the beginnings of a more constructive evolution of imbalances in the household sector suggest that the timing of any such withdrawal is less imminent than previously anticipated." The bank now expects the economy to reach full capacity in the second half of 2014.

Apple's earnings disappointed investors after the market close on Wednesday as profits and revenue came in slightly behind estimates. Although the company earned a record quarterly profit of \$13.1 billion on \$54.5 billion in revenue, it failed to match analysts' estimates of \$54.88 billion. More worrisome to investors is the fact that iPhone sales came in below 50 million units, suggesting that the company is no longer sustaining the high pace of growth it has become known for. Apple CEO Tim Cook blamed the underwhelming sales on industrial issues that prevented them from meeting demand, stating that "If you look at the iPhone sales across the quarter, we were very constrained for much of the quarter on iPhone 5." New competition in the smartphone business is on the horizon, as Mozilla is now in the planning stages of a Firefox phone. Analysts at ABI Research in New York are predicting that Apple's market share will peak at 22% in 2013. Meanwhile, Apple stock is down 10 percent in after-hours trading.

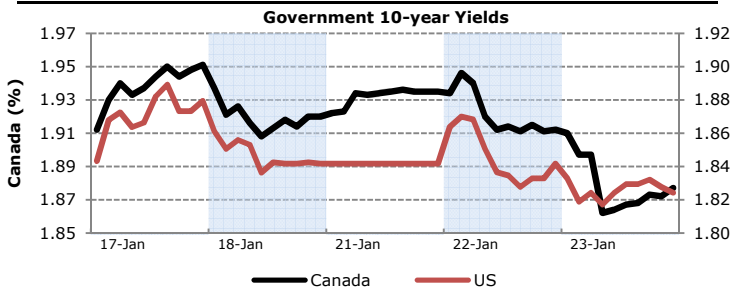
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

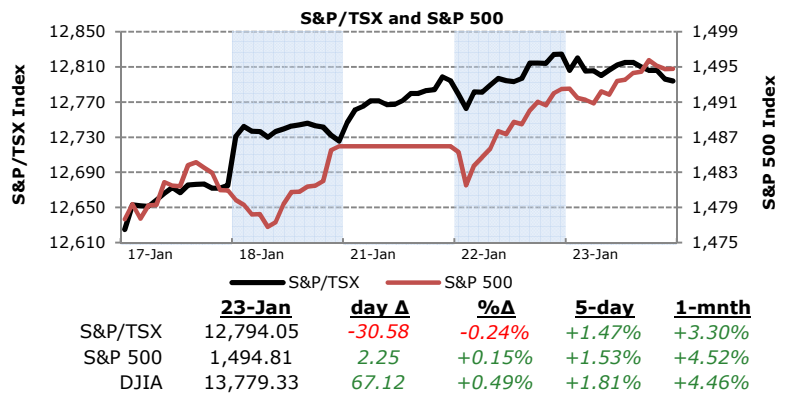
United States	Period	Survey	Actual	Prior
Leading Indicators	31-Dec	0.4%	-	5.04M
Continuing Claims	12-Jan	3200%	--	3214%
Initial Jobless Claims	12-Jan	355K	--	335K

Canada	Period	Survey	Actual	Prior
None Scheduled				

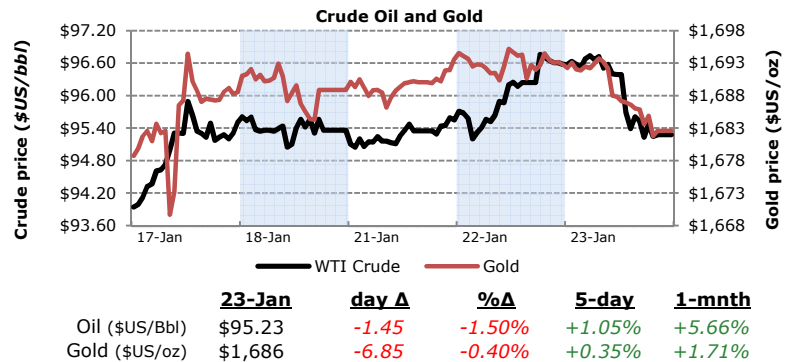
## Interest Rates



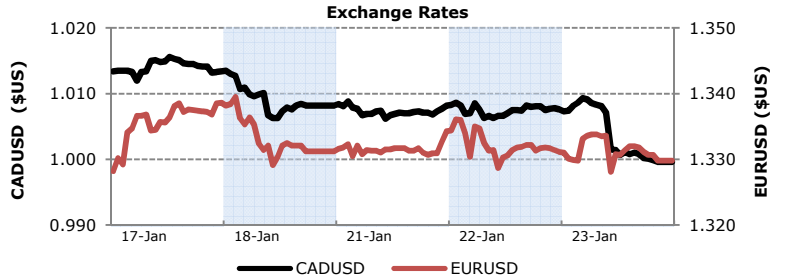
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	23-Jan	day Δ	Historical levels
USDCAD	\$0.999	+0.007	-5 days: 0.986, -1 mnth: 0.993, -1 year: 0.996
EURUSD	\$1.332	-0.000	-5 days: 1.329, -1 mnth: 1.319, -1 year: 1.313
USDJPY	¥88.61	-0.100	-5 days: 88.380, -1 mnth: 84.94, -1 year: 76.55

Government 10-year Yields

	23-Jan	day Δ	Historical levels
Canada	1.88%	-0.035%	-1 mnth: 1.82%, -3 mnths: 1.89%, -1 year: 2.09%
United States	1.82%	-0.018%	-1 mnth: 1.77%, -3 mnths: 1.82%, -1 year: 2.06%

## 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>

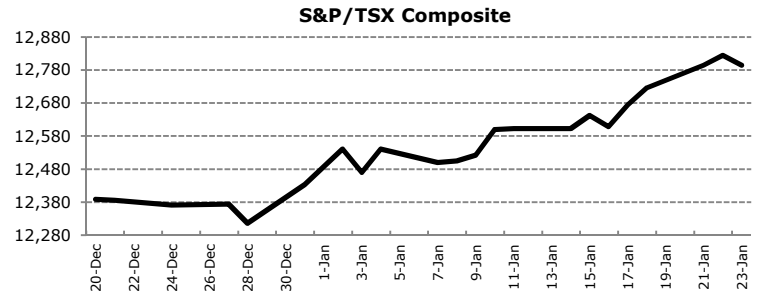
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	<b>23-Jan</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,794.05	<b>-30.58</b>	<b>-0.24%</b>

	<b>Trailing S&amp;P/TSX</b>	<b>TSX 60</b>
5-day	+1.47%	+1.59%
1-month	+3.30%	+3.15%
3-months	+4.65%	+5.19%
6-months	+10.81%	+11.43%
12-months	+2.18%	+2.56%



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.02%	+1.94%	+5.13%	+18.09%
C. Staples	-0.13%	-0.68%	+0.12%	+21.51%
Energy	-0.02%	+1.85%	+2.88%	-9.45%
Financials	-0.19%	+1.86%	+2.40%	+8.51%
Healthcare	+0.50%	+1.63%	+4.57%	+8.73%
Info Tech	-0.50%	+5.47%	+15.42%	+21.77%
Industrials	+0.00%	+1.42%	+7.00%	+13.92%
Materials	-1.21%	+0.63%	+3.40%	-11.78%
Metals & Mining	-0.39%	+1.60%	+5.01%	-14.22%
Telecom	+0.28%	+1.41%	+0.60%	+8.11%
Utilities	+0.13%	+1.49%	+5.57%	+4.89%

**TSX Top Performers**

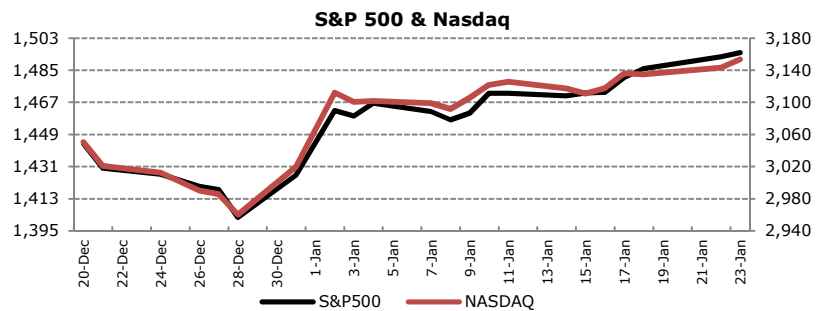
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Westport Innovations Inc		+4.57%	+7.02%	+5.39%	-26.32%
Metro Inc		+3.33%	+4.64%	+2.22%	+27.20%
Precision Drilling Corp		+2.90%	+7.08%	+15.39%	-6.57%
Hudbay Minerals Inc		+2.47%	+7.60%	+20.90%	+2.71%
Secure Energy Services In		+2.45%	+7.50%	+9.23%	+37.85%

**TSX Worst Performers**

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Iamgold Corp		-14.55%	-14.79%	-16.94%	-39.42%
Centerra Gold Inc		-8.22%	-16.50%	-5.49%	-52.61%
Osisko Mining Corp		-6.97%	-11.96%	-4.59%	-38.31%
Silvercorp Metals Inc		-6.56%	-11.78%	-17.31%	-39.83%
Banro Corporation		-5.54%	-4.88%	+7.91%	-40.91%

**US Indices**

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
23-Jan	1,494.81	13,779.33	3,153.67
1-day	+0.15%	+0.49%	+0.33%
5-day	+1.53%	+1.81%	+1.38%
1-month	+4.52%	+4.46%	+4.39%
3-months	+5.78%	+5.17%	+5.46%
6-months	+10.68%	+8.32%	+9.12%
12-months	+13.59%	+8.42%	+13.27%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.08%	+1.34%	+5.84%	+21.90%
C. Staples	-0.03%	+0.77%	+3.43%	+13.01%
Energy	-0.37%	+2.43%	+5.18%	+4.69%
Financials	-0.04%	+1.03%	+5.41%	+22.00%
Healthcare	-0.16%	+1.18%	+5.00%	+18.51%
Info Tech	+1.23%	+2.14%	+3.12%	+9.82%
Industrials	+0.04%	+1.99%	+5.68%	+11.39%
Materials	-0.44%	+1.16%	+6.51%	+7.83%
Telecom	+0.16%	+0.94%	+0.40%	+14.31%
Utilities	-0.30%	+1.26%	+1.65%	+3.29%

**DJIA Top Performers**

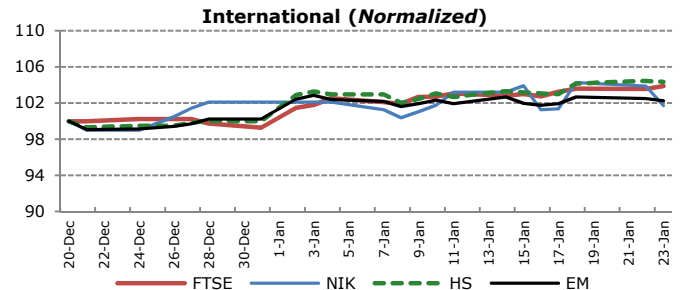
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Intl Business Machines Co		+4.41%	+6.35%	+5.84%	+8.46%
Walt Disney Co/The		+2.31%	+5.60%	+7.90%	+39.56%
Microsoft Corp		+1.62%	+1.47%	+0.44%	-3.27%

**DJIA Worst Performers**

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Hewlett-Packard Co		-1.39%	+2.90%	+18.62%	-38.66%
Cisco Systems Inc		-1.20%	-1.72%	+3.31%	+6.48%
Caterpillar Inc		-0.89%	+1.23%	+10.18%	-6.82%

**International Markets**

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	6,197.64	10,486.99	23,635.10	1,076.53
1-day	+0.30%	-2.08%	-0.10%	-0.24%
5-day	+1.53%	-1.07%	+1.19%	+0.28%
1-month	+4.34%	+5.50%	+5.02%	+3.21%
3-months	+6.89%	+16.34%	+8.93%	+8.00%
6-months	+11.99%	+23.26%	+24.05%	+17.98%
12-months	+7.18%	+19.63%	+17.53%	+7.69%



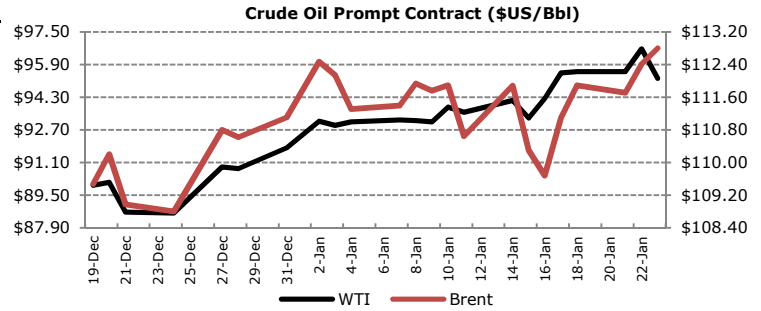
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### Nymex WTI Crude Oil

(\$US/Bbl)	23-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$95.23	-\$1.45	-1.50%	+1.05%	+5.66%
Cal 13	\$96.07	-\$1.04	-1.07%	+1.91%	+8.16%
Cal 14	\$93.50	-\$0.43	-0.46%	+1.73%	+5.08%

(\$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	\$96.17	\$96.54	\$95.78	\$94.78	\$93.50



### 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

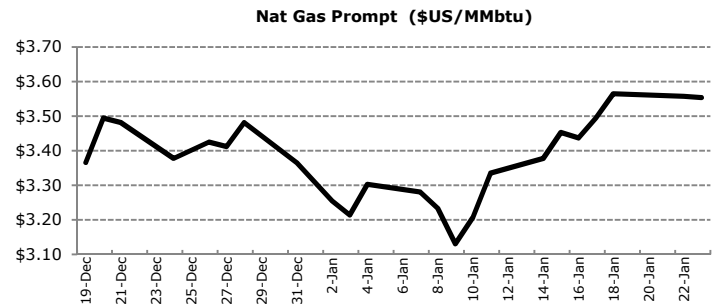
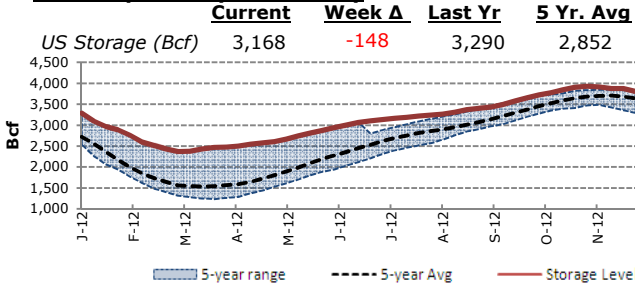
### UK Brent Crude Oil

(\$US/Bbl)	23-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$112.80	+\$0.38	+0.34%	+2.84%	+2.36%

### Nymex Natural Gas

(\$US/MMbtu)	23-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.55	-\$0.00	-0.11%	+2.92%	+1.69%
Feb13-Mar13	\$3.60	-\$0.00	-0.02%	+3.06%	-10.80%
Apr13-Oct13	\$3.71	+\$0.00	+0.12%	+3.13%	-7.63%
Nov13-Mar14	\$4.11	+\$0.01	+0.28%	+2.76%	-2.12%
Apr14-Oct14	\$4.10	+\$0.02	+0.37%	+2.61%	-1.61%

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



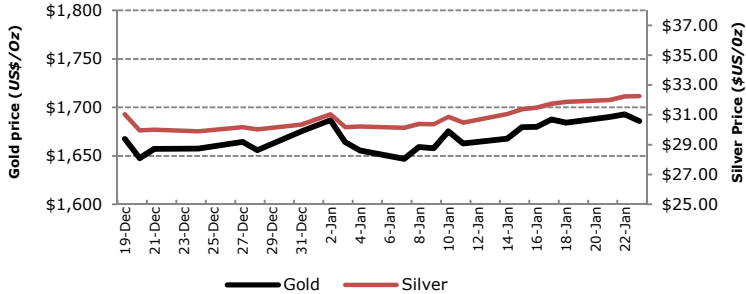
### Alberta Natural Gas

(\$CAD/GJ)	23-Jan	day Δ	%Δ
AECO Feb-13	\$2.97	+\$0.02	+0.7%

### Precious Metals

\$US/oz	23-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,685.85	-\$6.85	-0.4%	+0.4%	+1.7%	-1.5%
Silver	\$32.26	+\$0.02	+0.1%	+2.5%	+7.9%	+0.3%
Platinum	\$1,687	-\$9.50	-0.6%	-0.1%	+9.8%	+7.7%

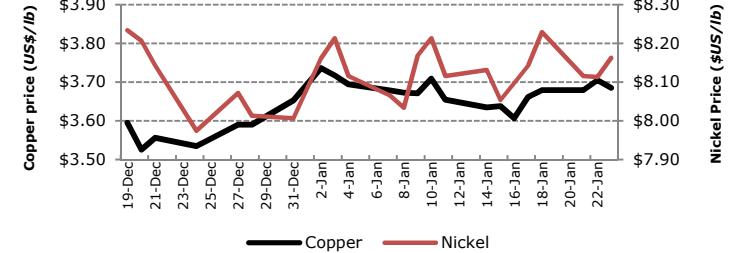
### Gold and Silver



### Industrial Metals

\$US/lb	23-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.68	-\$0.02	-0.6%	+2.2%	+4.3%	+3.8%
Nickel	\$8.16	+\$0.05	+0.6%	+0.8%	+2.4%	+5.9%
Zinc	\$1.02	+\$0.02	+1.8%	+5.9%	+0.5%	+12.3%
Aluminum	\$0.93	+\$0.02	+2.2%	+2.2%	0.0%	+6.9%
Uranium	\$42.50	+\$0.00	0.0%	+0.6%	-2.3%	-1.2%

### Copper and Nickel



### Agriculture & Other

	23-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.21	-\$0.08	-1.1%	-1.4%	+2.3%
Wheat (\$US/bu)	\$7.75	-\$0.05	-0.6%	-1.3%	-2.4%
Soybeans (\$US/bu)	\$14.37	-\$0.15	-1.0%	+0.0%	+0.1%
Rough Rice (\$US/cwt)	\$15.31	-\$0.10	-0.6%	+1.0%	-2.2%
Sugar #11 (¢US/lb)	¢18.50	+¢0.38	+2.1%	+0.3%	-2.7%
Lean Hogs (¢US/lb)	¢88.00	-¢0.28	-0.3%	+0.7%	-4.0%
Live Cattle (¢US/lb)	¢130.45	-¢0.03	-0.0%	-1.7%	-4.7%
Cotton No. 2 (\$US/lb)	\$0.80	+\$0.01	+0.7%	+4.1%	+5.3%
Lumber (\$US/Mbft)	\$356.80	+\$3.50	+1.0%	-5.0%	-7.2%

### Commodity ETFs

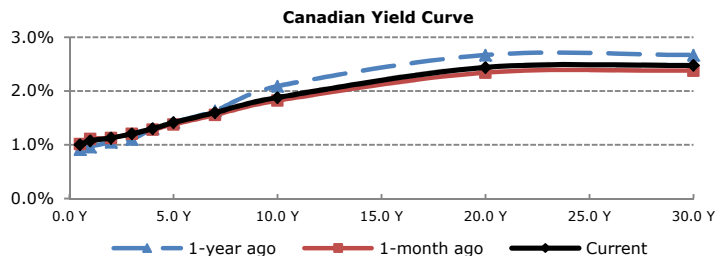
	23-Jan	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$4.70	-\$0.12	-2.5%	+1.5%	+11.1%
HBP Nat Gas U	\$13.10	+\$0.01	+0.1%	+7.1%	+2.3%
HBP Comex Gold	\$16.77	-\$0.06	-0.4%	+0.2%	+2.0%
<b>\$USD</b>					
US Crude Oil	\$34.61	+\$0.00	+0.0%	0.00%	+0.0%
US Nat Gas	\$20.00	+\$0.00	+0.0%	0.00%	+0.0%
PSDB Agriculture	\$27.71	+\$0.00	+0.0%	0.00%	+0.0%
PSDB Base Metals	\$19.14	+\$0.00	+0.0%	0.00%	+0.0%

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## Interest Rates

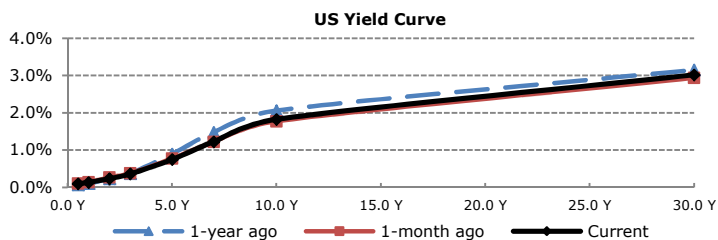
### Canadian yield curve

	<u>23-Jan</u>	<u>day Δ</u>	<u>Historical Levels</u>		
			<u>-1 mnth</u>	<u>-3 mnths</u>	<u>-1 year</u>
3-mnth	0.92%	-	0.92%	1.00%	0.85%
6-mnth	1.00%	-	1.01%	1.03%	0.91%
12-mnth	1.07%	-0.03%	1.11%	1.09%	0.96%
2-year	1.13%	-0.05%	1.13%	1.14%	1.05%
5-year	1.41%	-0.05%	1.38%	1.43%	1.42%
10-year	1.88%	-0.04%	1.82%	1.89%	2.09%
20-year	2.44%	-0.03%	2.34%	2.42%	2.67%
30-year	2.47%	-0.03%	2.38%	2.46%	2.67%

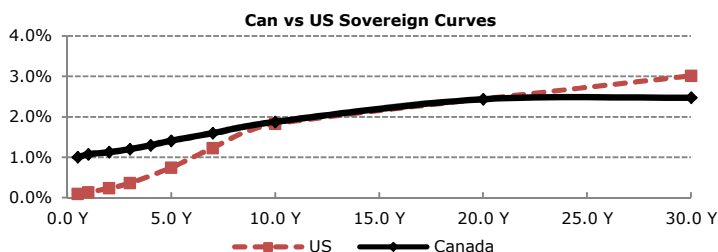
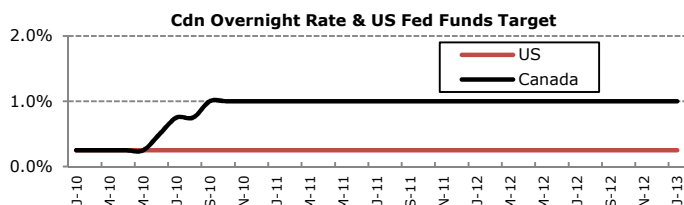


### US yield curve

	<u>23-Jan</u>	<u>day Δ</u>	<u>Historical Levels</u>		
			<u>-1 mnth</u>	<u>-3 mnths</u>	<u>-1 year</u>
3-mnth	0.07%	+0.01%	0.05%	0.11%	0.04%
6-mnth	0.10%	+0.01%	0.10%	0.15%	0.07%
12-mnth	0.13%	-	0.14%	0.18%	0.10%
2-year	0.23%	-0.01%	0.27%	0.31%	0.23%
5-year	0.75%	-0.01%	0.77%	0.82%	0.90%
10-year	1.82%	-0.02%	1.77%	1.82%	2.06%
30-year	3.02%	-0.01%	2.94%	2.98%	3.15%



	<u>Current</u>	<u>Prior</u>	<u>Next Meeting</u>	<u>Survey</u>
Cdn Overnight	1.00%	1.00%	6-Mar-13	1.00%
US Fed Funds	0.25%	0.25%	30-Jan-13	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

	<u>Spot</u>	<u>23-Jan</u>	<u>day Δ</u>	<u>Historical Levels</u>		
				<u>-1 mnth</u>	<u>-3 mnths</u>	<u>-1 year</u>
USDCAD	\$0.999	+0.007		0.993	0.994	0.996
EURUSD	\$1.332	-0.000		1.319	1.297	1.313
USDJPY	¥88.61	-0.100		84.94	79.81	76.55
GBPUSD	£1.585	+0.001		1.612	1.604	1.582
AUDUSD	\$1.056	-0.001		1.036	1.036	1.073

	<u>Spot</u>	<u>23-Jan</u>	<u>day Δ</u>	<u>Historical Levels</u>		
				<u>-1 mnth</u>	<u>-3 mnths</u>	<u>-1 year</u>
CADJPY	¥88.68	-0.754		85.55	80.32	76.86
CADAUD	\$0.948	-0.006		0.972	0.972	0.936
GBPUSD	£1.583	+0.012		1.601	1.594	1.576
EURJPY	¥118.03	-0.150		111.97	103.54	100.51
EURAUD	\$1.26	+0.001		1.27	1.25	1.23

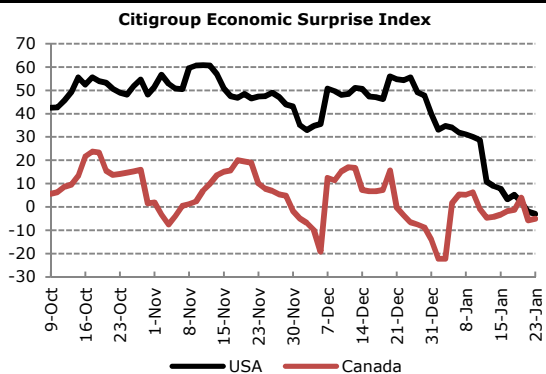
## Economic Releases

### United States

		<u>Period</u>	<u>Survey</u>	<u>Actual</u>	<u>Prior</u>
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	12-Jan	355K	--	335K
Fri, Jan 25	New Home Sales	31-Dec	385K	--	377K

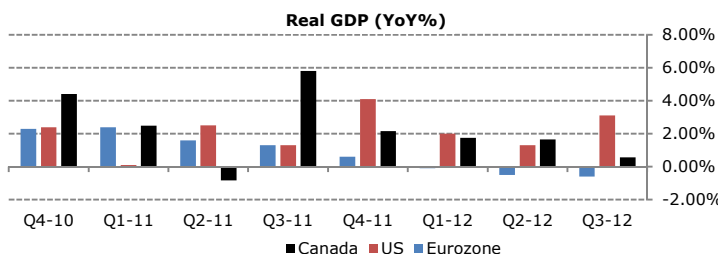
### Canada

		<u>Period</u>	<u>Survey</u>	<u>Actual</u>	<u>Prior</u>
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%



## Economics

	<u>Q4-11</u>	<u>Q1-12</u>	<u>Q2-12</u>	<u>Q3-12</u>	<u>2012E</u>
<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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