

Today's Commentary

The S&P 500 briefly broke the 1500 mark yesterday before retreating to end the day at 1495. Stocks are being buoyed by corporate earnings which have been better than the last two quarters. German business confidence rose and the ECB announced that banks' repayments of its three-year emergency loans will be higher than economists' forecasts, adding to the positive signals coming out of Europe. In Canada, Dovish statements by the Bank of Canada governor and a bigger decline in consumer prices than forecasted lead the Canadian dollar to fall to six month lows against the US dollar. The S&P/TSX Composite Index closed the day at 12,823.62. The UK economy contracted 0.3 percent, increasing worries about recession there. The Japanese Yen weakened considerably yesterday on the back of comments from a Ministry of Economy official suggesting that they would be comfortable with the currency depreciating to 100 yen to the dollar.

The UK economy contracted 0.3 percent in the fourth quarter of 2012, putting the country back on the brink of recession. Britain had just emerged from its last recession in the third quarter, with reported growth of 0.9 percent. A 1.5 percent fall in manufacturing was largely responsible for the weak output in the last quarter. IMF Chief Economist, Oliver Blanchard, has suggested that the British government's recent focus on spending cuts has been misguided, stating that "Our early advice is still very much there. If things look bad at the beginning of 2013, there should be reassessment of fiscal policy. We still believe that." Treasury chief George Osborne on the other hand said that he does not wish "to abandon a credible deficit plan."

The yen fell sharply on Thursday after Japan's deputy economy minister, Yasutoshi Nishimura, stated that Japan would be comfortable with its currency depreciating to 100 yen to the dollar. Furthermore, he suggested that the rising costs of imports would not become a concern until the yen trades in the 110 to 120 range. The yen's downtrend had paused earlier this week as the Bank of Japan announced that its aggressive monetary easing policy would proceed in 2014. Meanwhile, the Canadian dollar has weakened against the USD following the Bank of Canada's dovish statements regarding the benchmark rate, which is expected to remain at 1 percent for the foreseeable future, as GDP growth remains low. The yen is now trading at a 30-month low of about 90.50 to the USD.

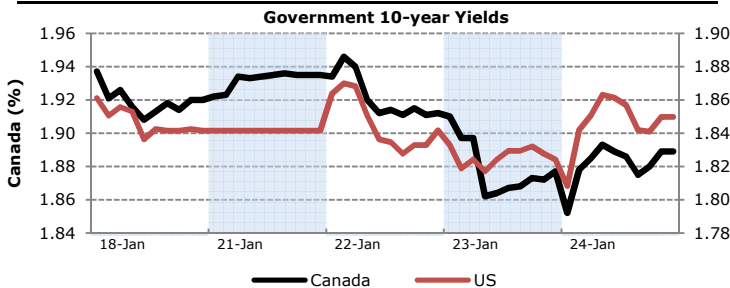
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

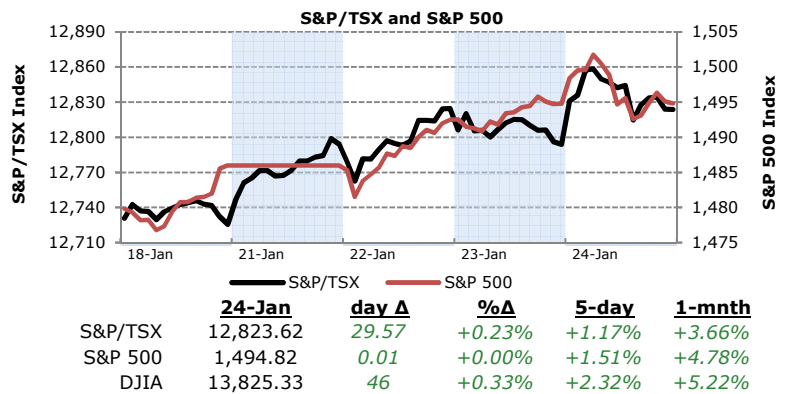
United States	Period	Survey	Actual	Prior
New Home Sales	30-Nov	385K	-	5.04M

Canada	Period	Survey	Actual	Prior
BOC CPI Core (YoY)	31-Jan	1.4%	1.2%	1.3%
Consumer Price Index	31-Jan	1.2%	0.8%	1.2%

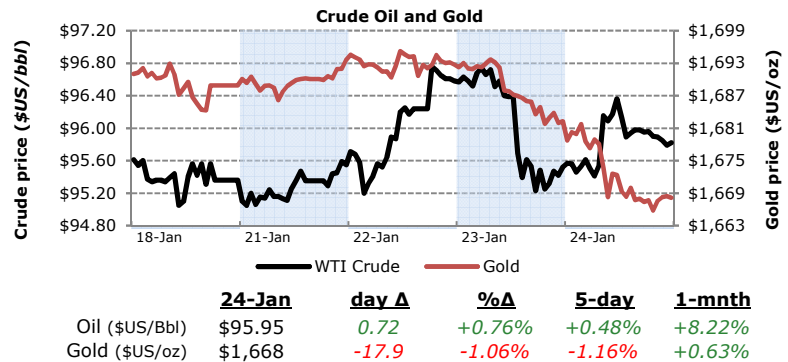
Interest Rates



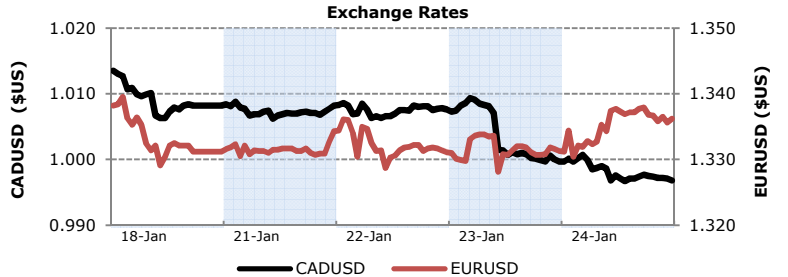
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	24-Jan	day Δ	Historical levels		
			-5 days	-1 mnt	-1 year
USDCAD	\$1.003	+0.003	0.986	0.992	0.994
EURUSD	\$1.338	+0.006	1.338	1.318	1.326
USDJPY	¥90.33	+1.720	89.880	84.77	76.76

Government 10-year Yields

	24-Jan	day Δ	Historical levels		
			-1 mnt	-3 mnths	-1 year
Canada	1.89%	0.012%	1.82%	1.84%	2.04%
United States	1.85%	0.026%	1.77%	1.75%	1.99%

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>

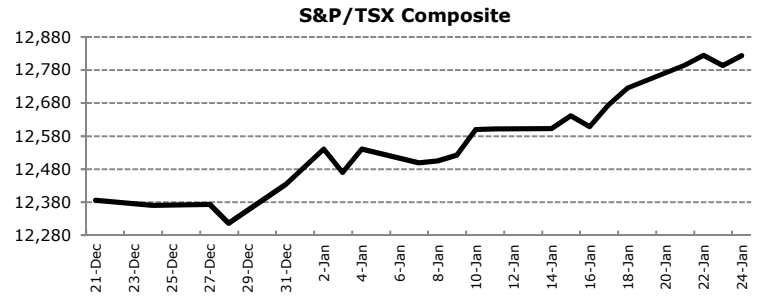
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	24-Jan	day Δ	%Δ
S&P/TSX	12,823.62	29.57	+0.23%

	Trailing S&P/TSX	TSX 60
5-day	+1.17%	+1.48%
1-month	+3.66%	+3.70%
3-months	+5.15%	+5.70%
6-months	+11.83%	+12.59%
12-months	+3.46%	+4.13%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.87%	+1.70%	+6.19%	+19.33%
C. Staples	+0.03%	-1.07%	-0.03%	+22.00%
Energy	+0.70%	+1.94%	+4.29%	-8.26%
Financials	+0.39%	+1.68%	+2.77%	+10.03%
Healthcare	+1.17%	+1.92%	+6.38%	+9.88%
Info Tech	+1.91%	+5.84%	+18.21%	+24.60%
Industrials	+0.89%	+1.69%	+7.90%	+16.19%
Materials	-1.34%	-0.91%	+2.14%	-11.43%
Metals & Mining	-0.81%	+0.06%	+4.68%	-14.05%
Telecom	+0.84%	+1.84%	+1.49%	+9.84%
Utilities	-0.46%	+0.62%	+4.95%	+4.19%

TSX Top Performers

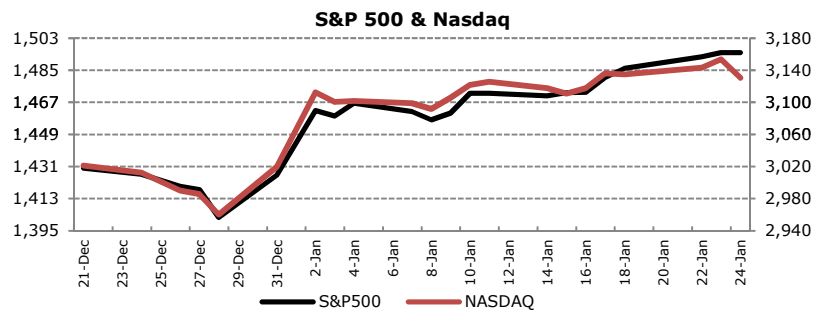
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Niko Resources Ltd		+8.56%	+3.69%	+10.05%	-79.82%
Methanex Corp		+8.16%	+9.79%	+12.12%	+28.60%
Constellation Software In		+3.73%	-0.21%	+2.93%	+48.43%
Agrium Inc		+2.94%	+7.24%	+17.09%	+42.12%
Research In Motion		+2.89%	+21.25%	+69.52%	+8.54%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Major Drilling Group Intl		-15.25%	-13.08%	+5.39%	-36.99%
Colossus Minerals Inc		-5.87%	-6.28%	+4.84%	-39.69%
Fortuna Silver Mines Inc		-5.86%	-8.53%	+5.56%	-36.28%
Nevsun Resources Ltd		-5.36%	-5.15%	+7.61%	-31.89%
Kinross Gold Corp		-5.06%	-3.95%	-4.05%	-19.09%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
24-Jan	1,494.82	13,825.33	3,130.38
1-day	+0.00%	+0.33%	-0.74%
5-day	+1.51%	+2.32%	+0.41%
1-month	+4.78%	+5.22%	+3.91%
3-months	+6.11%	+5.72%	+4.99%
6-months	+11.69%	+9.57%	+9.34%
12-months	+13.70%	+9.07%	+12.34%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.72%	+2.29%	+6.40%	+22.34%
C. Staples	+0.26%	+1.20%	+4.07%	+13.81%
Energy	+0.43%	+2.55%	+6.40%	+5.42%
Financials	+0.47%	+1.38%	+6.02%	+22.82%
Healthcare	+0.67%	+2.01%	+6.04%	+19.23%
Info Tech	-2.02%	-0.66%	+1.42%	+7.49%
Industrials	+0.49%	+2.90%	+6.50%	+11.87%
Materials	+0.24%	+1.99%	+6.26%	+8.06%
Telecom	-0.30%	+1.82%	+0.02%	+15.50%
Utilities	+0.48%	+2.26%	+2.49%	+4.61%

DJIA Top Performers

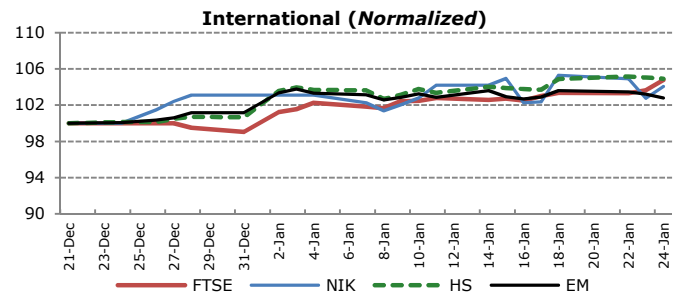
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Cisco Systems Inc		+1.94%	-0.05%	+6.00%	+8.49%
Boeing Co/The		+1.39%	+1.32%	-0.86%	+1.74%
Home Depot Inc		+1.34%	+5.47%	+9.39%	+52.06%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Alcoa Inc		-1.20%	+1.80%	+4.87%	-12.59%
Intel Corp		-0.76%	-5.25%	+1.50%	-19.38%
Verizon Communications In		-0.47%	+2.60%	-1.04%	+18.42%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,264.91	10,620.87	23,598.90	1,072.26
1-day	+1.09%	+1.28%	-0.15%	-0.40%
5-day	+2.16%	+0.11%	+1.11%	+0.10%
1-month	+5.22%	+6.85%	+4.69%	+2.73%
3-months	+7.93%	+18.61%	+8.43%	+7.81%
6-months	+13.92%	+25.13%	+24.84%	+17.90%
12-months	+8.92%	+20.89%	+17.35%	+7.48%



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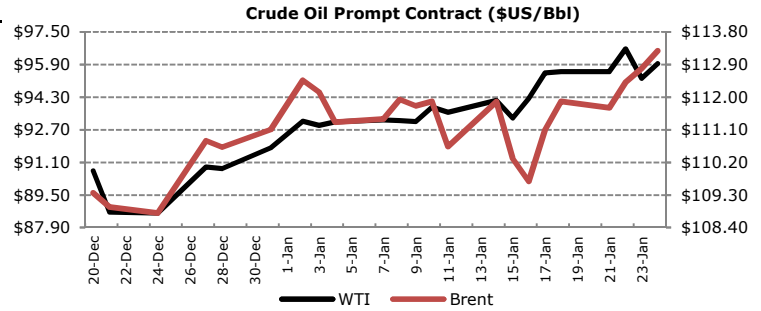
Nymex WTI Crude Oil

(\$US/Bbl)	24-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$95.95	+\$0.72	+0.76%	+0.48%	+8.22%
Cal 13	\$96.76	+\$0.70	+0.73%	+1.74%	+9.46%
Cal 14	\$93.88	+\$0.38	+0.40%	+1.43%	+6.04%

(\$US/bbl)	Q2-13	Q3-13	Q4-13	Q1-14	2014
Consensus Forecast	\$95.00	\$98.00	\$98.14	\$101.00	\$98.25
Current Forward	\$96.87	\$97.26	\$96.44	\$95.33	\$93.88

Inventory Levels (as of Jan-18)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	363,115	+2,813	337,426	319,411
Motor Gas	233,257	-1,738	214,389	200,481
Distillates	132,938	+508	171,756	140,851

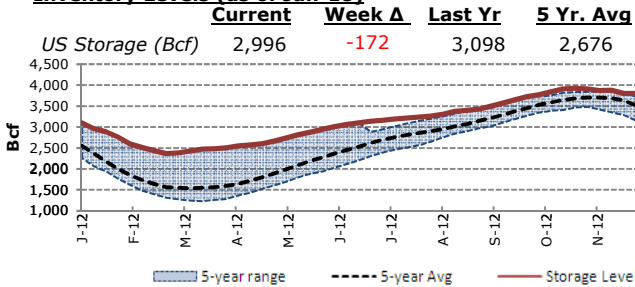


(\$US/Bbl)	24-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$113.28	+\$0.48	+0.42%	+1.96%	+3.96%

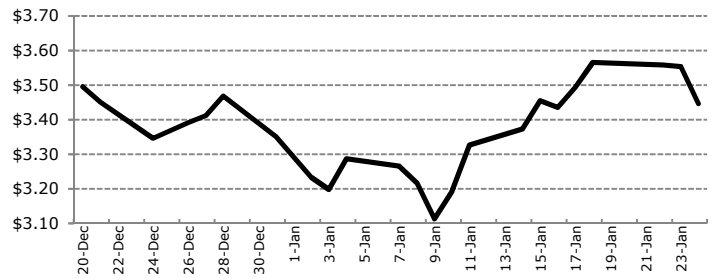
Nymex Natural Gas

(\$US/MMbtu)	24-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.45	-\$0.11	-3.04%	+0.32%	-0.14%
Feb13-Mar13	\$3.51	-\$0.09	-2.63%	+0.72%	-11.87%
Apr13-Oct13	\$3.62	-\$0.09	-2.31%	+1.00%	-8.56%
Nov13-Mar14	\$4.04	-\$0.07	-1.65%	+1.22%	-2.58%
Apr14-Oct14	\$4.04	-\$0.05	-1.28%	+1.37%	-1.69%

Inventory Levels (as of Jan-18)



Nat Gas Prompt (\$US/MMbtu)



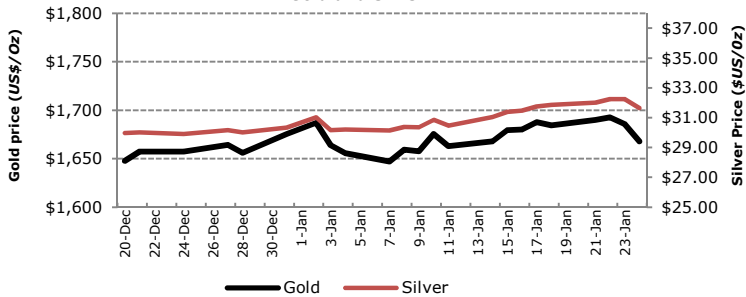
Alberta Natural Gas

(\$CAD/GJ)	24-Jan	day Δ	%Δ
AECO Feb-13	\$2.89	-\$0.08	-2.7%

Precious Metals

\$US/oz	24-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,667.95	-\$17.90	-1.1%	-1.2%	+0.6%	-2.5%
Silver	\$31.66	-\$0.60	-1.9%	-0.3%	+5.9%	-1.4%
Platinum	\$1,682	-\$4.50	-0.3%	-0.6%	+9.5%	+8.9%

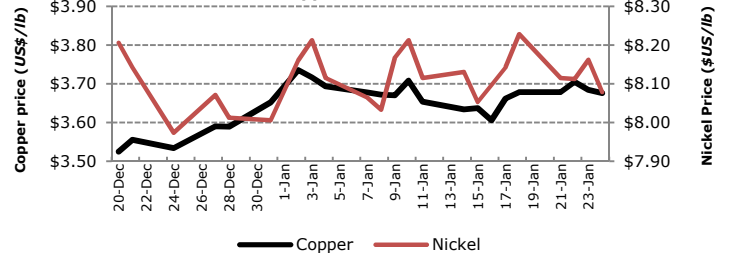
Gold and Silver



Industrial Metals

\$US/lb	24-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.68	-\$0.01	-0.2%	+0.4%	+4.0%	+3.6%
Nickel	\$8.08	-\$0.08	-1.0%	-0.8%	+1.3%	+6.9%
Zinc	\$1.02	-\$0.00	-0.4%	+3.9%	+0.1%	+13.4%
Aluminum	\$0.92	-\$0.01	-1.1%	+1.1%	-1.1%	+7.0%
Uranium	\$43.65	+\$1.15	+2.7%	+3.9%	+0.3%	+1.5%

Copper and Nickel



Agriculture & Other

	24-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.24	+\$0.04	+0.5%	-0.0%	+2.8%
Wheat (\$US/bu)	\$7.69	-\$0.06	-0.8%	-1.6%	-3.2%
Soybeans (\$US/bu)	\$14.35	-\$0.02	-0.1%	+0.3%	-0.0%
Rough Rice (\$US/cwt)	\$15.29	-\$0.02	-0.1%	+0.3%	-2.4%
Sugar #11 (¢US/lb)	¢18.49	¢0.01	-0.1%	+0.4%	-2.8%
Lean Hogs (¢US/lb)	¢89.68	¢1.68	+1.9%	+1.8%	-2.2%
Live Cattle (¢US/lb)	¢130.35	¢0.10	-0.1%	-0.4%	-4.7%
Cotton No.2 (\$US/lb)	\$0.83	+\$0.02	+3.0%	+6.6%	+8.5%
Lumber (\$US/Mbft)	\$360.70	+\$3.90	+1.1%	-2.4%	-6.2%

Commodity ETFs

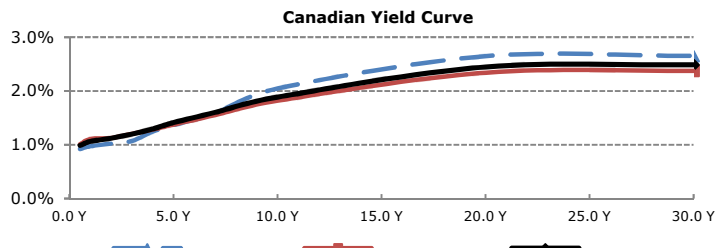
	24-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.75	+\$0.05	+1.1%	+0.4%	+15.0%
HBP Nat Gas U	\$12.48	-\$0.62	-4.7%	-1.0%	-2.1%
HBP Comex Gold	\$16.64	-\$0.13	-0.8%	-1.0%	+0.9%
\$USD					
US Crude Oil	\$34.76	+\$0.15	+0.4%	1.40%	+7.8%
US Nat Gas	\$19.53	-\$0.47	-2.4%	1.11%	+2.3%
PSDB Agriculture	\$27.62	-\$0.09	-0.3%	-0.97%	-2.1%
PSDB Base Metals	\$19.13	-\$0.01	-0.1%	2.14%	+0.6%

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Interest Rates

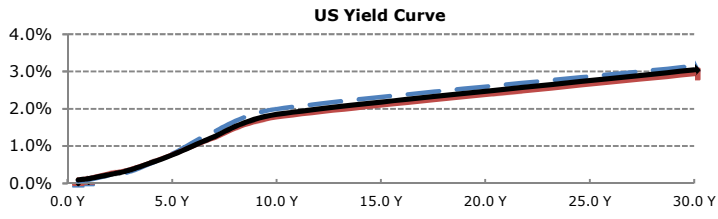
Canadian yield curve

	24-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.92%	1.00%	0.86%
6-mnth	0.99%	-	1.01%	1.03%	0.92%
12-mnth	1.07%	-0.01%	1.11%	1.09%	0.97%
2-year	1.12%	-0.00%	1.13%	1.12%	1.02%
5-year	1.42%	+0.01%	1.38%	1.39%	1.36%
10-year	1.89%	+0.01%	1.82%	1.84%	2.04%
20-year	2.45%	+0.01%	2.34%	2.37%	2.65%
30-year	2.49%	+0.01%	2.38%	2.42%	2.65%

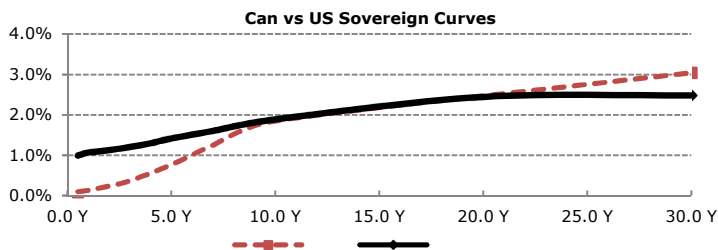
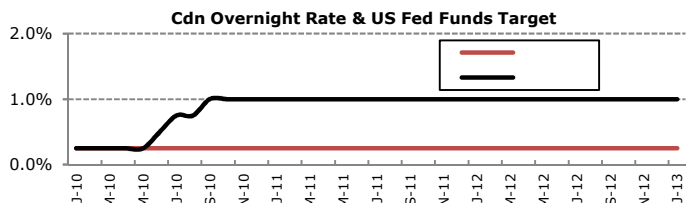


US yield curve

	24-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.08%	+0.01%	0.05%	0.11%	0.04%
6-mnth	0.10%	-	0.10%	0.15%	0.06%
12-mnth	0.13%	-	0.14%	0.17%	0.10%
2-year	0.24%	+0.00%	0.27%	0.30%	0.22%
5-year	0.76%	+0.02%	0.77%	0.76%	0.79%
10-year	1.85%	+0.03%	1.77%	1.75%	1.99%
30-year	3.04%	+0.02%	2.94%	2.90%	3.15%



	Current	Prior	Next Meeting	Survey
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)

	Spot	24-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.003	+0.003		0.992	0.995	0.994
EURUSD	\$1.338	+0.006		1.318	1.293	1.326
USDJPY	¥90.33	+1.720		84.77	80.30	76.76
GBPUSD	\$1.579	-0.005		1.613	1.612	1.590
AUDUSD	\$1.045	-0.010		1.036	1.035	1.081

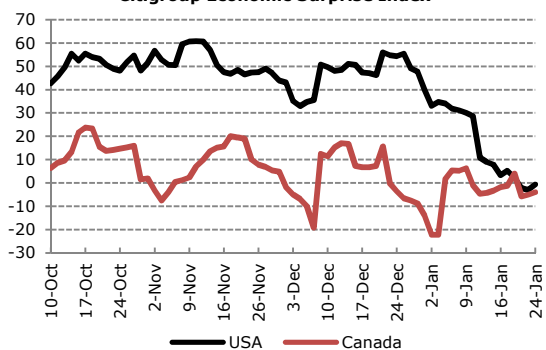
	Spot	24-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥90.09	+1.410		85.43	80.71	77.19
CADAUD	\$0.954	+0.006		0.973	0.971	0.930
GBPUSD	£1.583	-0.000		1.601	1.604	1.581
EURJPY	¥120.83	+2.800		111.75	103.86	101.79
EURAUD	\$1.28	+0.018		1.27	1.25	1.23

Economic Releases

United States

		Period	Survey	Actual	Prior
Tue, Jan 22	Existing Home Sales	31-Dec	5.1M	4.94M	5.04M
Thu, Jan 24	Leading Indicators	31-Dec	0.4%	0.5%	-0.2%
Thu, Jan 24	Continuing Claims	12-Jan	3200%	3157%	3214%
Thu, Jan 24	Initial Jobless Claims	19-Jan	355K	330K	335K
Fri, Jan 25	New Home Sales	30-Nov	385K	377K	368K

Citigroup Economic Surprise Index



Canada

		Period	Survey	Actual	Prior
Tue, Jan 22	Retail Sales (MoM)	30-Nov	--	0.2%	0.7%
Fri, Jan 25	BOC CPI Core (YoY)	31-Jan	1.4%	1.2%	1.3%
Fri, Jan 25	Consumer Price Index	31-Jan	1.2%	0.8%	1.2%

Economics

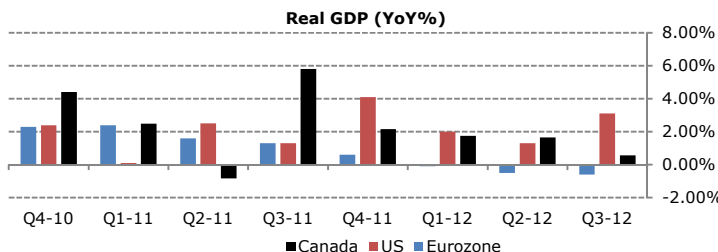
Canada	Q4-11	Q1-12	Q2-12	Q3-12	2012E
Real GDP	2.15%	1.74%	1.65%	0.57%	2.00%
CPI	2.70%	2.33%	1.57%	1.23%	1.60%
Unemployment	7.50%	7.20%	7.20%	7.40%	7.30%

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%
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