

## Today's Commentary

The S&P/TSX was flat on Monday, while the S&P 500 broke an 8-day winning streak to close at 1500. Gold was also nearly flat, but oil managed a 0.7 percent gain to close at \$96.55. Moody's downgraded six of Canada's largest banks after the close, citing historical highs in household debt. The high debt suggests that a slowdown in consumer borrowing is on the horizon, adversely affecting profits from lending operations. Moody's vice president David Beattie called attention to the fact that "The Canadian consumer is leveraged almost to the extent that the U.S. consumer was ahead of the housing crash down there some years ago." Toronto-Dominion Bank lost its AAA credit rating, while Scotiabank, Desjardins, CIBC, BMO, and National Bank were also affected.

The Nikkei hit an intra-day high above 11,000 for the first time in 32 months on Monday, but ended down 0.9 percent to close at 10,824. Meanwhile, the yen briefly weakened to 91 against the USD, leading to some profit-taking on exporting firms. The Nikkei has rallied about 25 percent since Shinzo Abe's election became a near certainty back in November. Japan is now in the midst of earnings season, allowing investors to evaluate whether the stock market rally is in line with business fundamentals. While the yen's exchange rate bodes well for exporting firms, there are significant risks coming from ongoing political disputes with China and the slow recovery in Europe, which could offset the benefits of the weaker yen. The Nikkei has lagged the S&P 500's recovery from the financial crisis, having traded as high as 18,000 in 2007.

Following a meeting of the Financial Stability Board (FSB) in Zurich on Monday, Bank of Canada governor Mark Carney warned investors to be aware of risks going forward, as monetary easing around the globe pushes stock markets to new highs. Carney reminded investors that "Medium-term downside risks remain, given weak growth prospects and high levels of public and private sector debt in many economies. Continued strains on bank asset quality reinforce the need to complete financial repair." He added, "Market participants and authorities need to be on guard against mispricing of risk and valuations of assets." In April, the FSB will report to G20 members on the progress of reforms to derivatives markets that were proposed during the height of the financial crisis. There is concern that the slow pace of recovery has shifted governments' focus from risk management to stimulating growth.

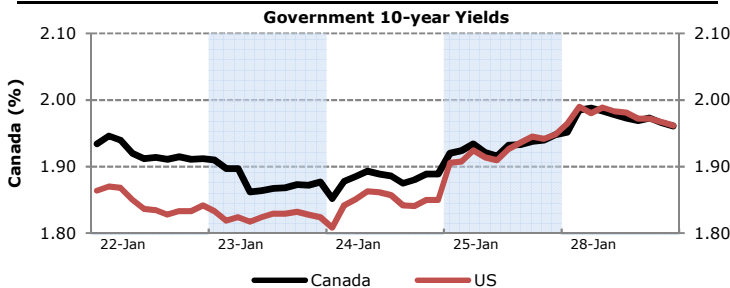
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

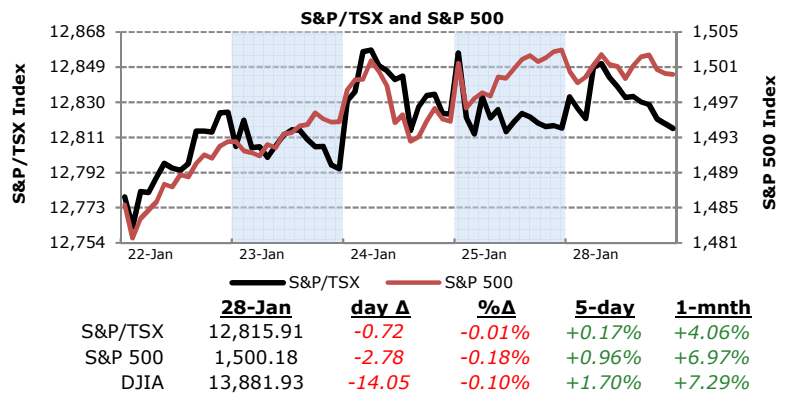
United States	Period	Survey	Actual	Prior
Consumer Confidence	31-Jan	64	-	65.1

Canada	Period	Survey	Actual	Prior
None Scheduled				

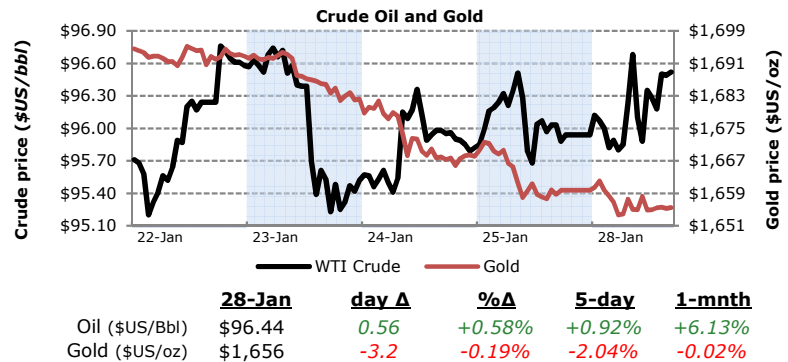
## Interest Rates



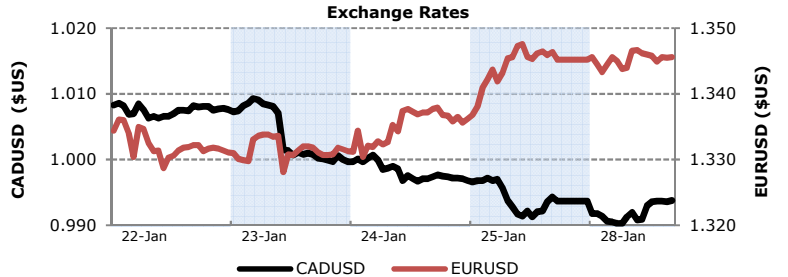
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	28-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.006	+0.000	0.993	0.995	0.995
EURUSD	\$1.346	-0.001	1.331	1.324	1.329
USDJPY	¥90.86	-0.050	89.600	86.10	77.67

Government 10-year Yields

	28-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.96%	0.013%	1.77%	1.81%	1.99%
United States	1.96%	0.013%	1.70%	1.75%	1.89%

## 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>

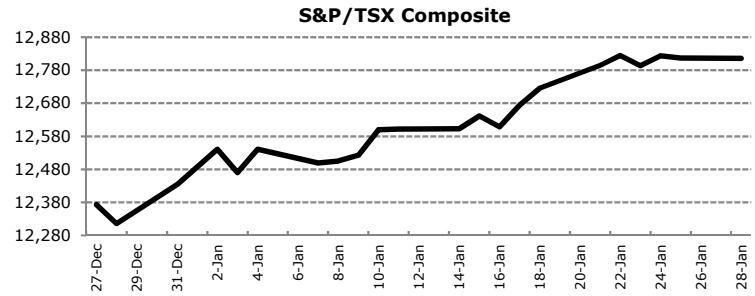
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	<b>28-Jan</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,815.91	-0.72	-0.01%

	<b>Trailing S&amp;P/TSX</b>	<b>TSX 60</b>
5-day	+0.17%	+0.43%
1-month	+4.06%	+4.43%
3-months	+4.19%	+4.80%
6-months	+8.92%	+9.90%
12-months	+2.80%	+3.80%



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.13%	+0.91%	+6.18%	+21.64%
C. Staples	-0.10%	+0.03%	+0.14%	+22.68%
Energy	-0.08%	+1.34%	+4.95%	-8.50%
Financials	+0.51%	+1.02%	+4.43%	+14.15%
Healthcare	-0.22%	+2.27%	+9.13%	+12.07%
Info Tech	-2.69%	-1.20%	+14.19%	+17.45%
Industrials	+0.03%	+0.47%	+8.45%	+16.61%
Materials	-0.87%	-3.44%	-0.14%	-18.80%
Metals & Mining	-0.58%	-1.86%	+3.34%	-16.32%
Telecom	+0.82%	+1.22%	+2.17%	+11.74%
Utilities	+0.27%	+0.09%	+5.50%	+5.62%

**TSX Top Performers**

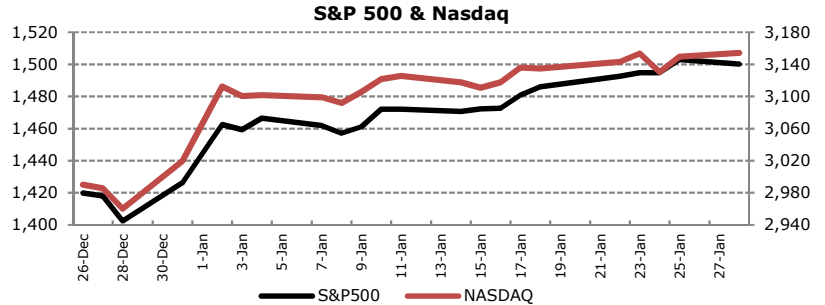
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Nordion Inc	+7.31%	+6.48%	+10.58%	-26.67%
Dundee Corp -CI A	+3.06%	+3.79%	+11.29%	+40.50%
Labrador Iron Ore Royalty	+3.01%	-1.44%	-1.53%	-10.52%
Tmx Group Ltd	+2.86%	+2.04%	+7.06%	NA
Torex Gold Resources Inc	+2.67%	-5.42%	-11.52%	-15.42%

**TSX Worst Performers**

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Research In Motion	-7.61%	-6.55%	+38.47%	-3.10%
Banro Corporation	-4.37%	-15.14%	-9.06%	-51.12%
West Fraser Timber Co Ltd	-4.22%	-0.67%	+9.87%	+64.56%
Silver Standard Resources	-3.71%	-9.13%	-17.14%	-32.47%
Tahoe Resources Inc	-3.67%	-5.82%	-6.26%	-26.05%

**US Indices**

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
28-Jan	1,500.18	13,881.93	3,154.30
1-day	-0.18%	-0.10%	+0.15%
5-day	+0.96%	+1.70%	+0.63%
1-month	+6.97%	+7.29%	+6.55%
3-months	+6.25%	+5.91%	+5.57%
6-months	+8.24%	+6.17%	+6.63%
12-months	+13.97%	+9.65%	+11.99%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.46%	+1.60%	+8.91%	+22.62%
C. Staples	+0.09%	+0.79%	+6.51%	+14.67%
Energy	-0.33%	+1.48%	+9.45%	+6.73%
Financials	-0.45%	+1.36%	+7.46%	+23.21%
Healthcare	-0.38%	+1.18%	+8.15%	+19.36%
Info Tech	+0.26%	-0.28%	+3.76%	+7.38%
Industrials	+0.00%	+1.32%	+8.71%	+11.38%
Materials	-0.99%	+0.08%	+6.75%	+5.78%
Telecom	+0.21%	+1.13%	+1.84%	+18.85%
Utilities	-0.17%	+1.37%	+5.09%	+4.39%

**DJIA Top Performers**

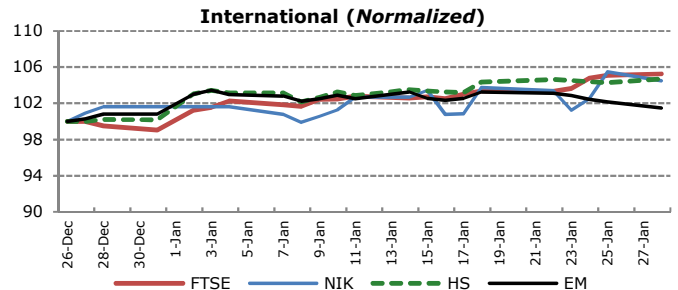
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Caterpillar Inc	+1.96%	-0.17%	+12.26%	-12.43%
General Electric Co	+0.94%	+2.09%	+10.08%	+18.23%
Procter & Gamble Co/The	+0.71%	+5.48%	+9.86%	+14.73%

**DJIA Worst Performers**

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Alcoa Inc	-1.44%	-1.11%	+4.71%	-14.67%
Boeing Co/The	-1.37%	-1.39%	-0.92%	-0.74%
Travelers Cos Inc/The	-1.28%	+1.36%	+8.58%	+33.25%

**International Markets**

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	6,294.41	10,824.31	23,671.88	1,062.06
1-day	+0.16%	-0.94%	+0.39%	-0.66%
5-day	+1.84%	+0.71%	+0.34%	-1.73%
1-month	+6.23%	+4.13%	+4.44%	+0.65%
3-months	+8.40%	+21.17%	+9.87%	+7.20%
6-months	+11.86%	+26.35%	+22.81%	+12.77%
12-months	+9.78%	+22.43%	+15.46%	+4.47%



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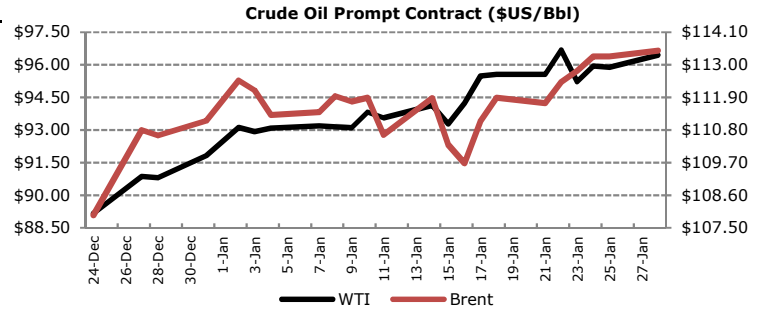
### Nymex WTI Crude Oil

(\$US/Bbl)	28-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$96.44	+\$0.56	+0.58%	+0.92%	+6.13%
Cal 13	\$97.10	+\$0.52	+0.54%	+0.63%	+8.73%
Cal 14	\$93.88	+\$0.40	+0.43%	+0.33%	+5.13%

(\$US/bbl)	Q2-13	Q3-13	Q4-13	Q1-14	2014
Consensus Forecast	\$94.50	\$96.75	\$98.14	\$101.00	\$98.25
Current Forward	\$97.24	\$97.58	\$96.70	\$95.49	\$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

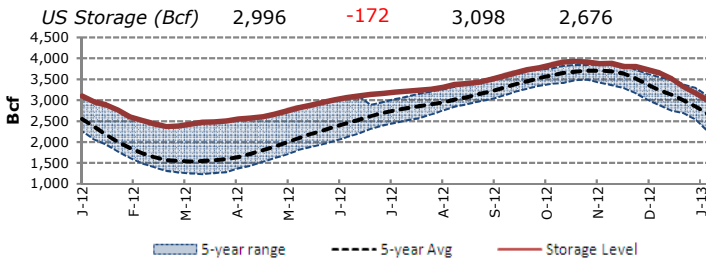


(\$US/Bbl)	28-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$113.48	+\$0.20	+0.18%	+1.58%	+2.42%

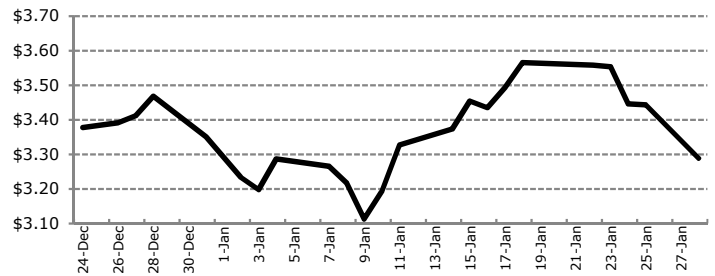
### Nymex Natural Gas

(\$US/MMbtu)	28-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.29	-\$0.16	-4.50%	-7.77%	-3.04%
Feb13-Mar13	\$3.37	-\$0.15	-4.27%	-6.68%	-13.99%
Apr13-Oct13	\$3.50	-\$0.14	-3.84%	-5.59%	-10.39%
Nov13-Mar14	\$3.94	-\$0.12	-2.86%	-3.76%	-3.73%
Apr14-Oct14	\$3.97	-\$0.09	-2.31%	-2.56%	-2.24%

Inventory Levels (as of Jan-18)	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	2,996	-172	3,098	2,676



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

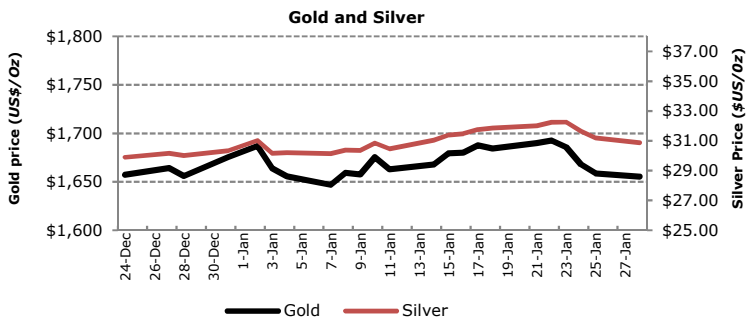


### Alberta Natural Gas

(\$CAD/GJ)	28-Jan	day Δ	%Δ
AECO Feb-13	\$2.78	-\$0.16	-5.4%

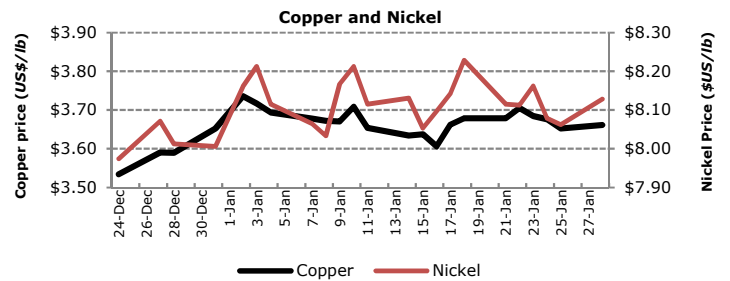
### Precious Metals

\$US/oz	28-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,655.50	-\$3.20	-0.2%	-2.0%	-0.0%	-3.3%
Silver	\$30.88	-\$0.32	-1.0%	-3.5%	+2.9%	-3.8%
Platinum	\$1,663	-\$31.50	-1.9%	-0.8%	+9.3%	+7.7%



### Industrial Metals

\$US/lb	28-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.66	+\$0.01	+0.3%	-0.5%	+2.0%	+3.1%
Nickel	\$8.13	+\$0.07	+0.8%	+0.2%	+1.4%	+7.5%
Zinc	\$1.02	-\$0.01	-0.5%	+2.4%	+1.3%	+14.1%
Aluminum	\$0.91	-\$0.02	-2.2%	0.0%	-1.1%	+5.8%
Uranium	\$43.90	+\$0.15	+0.3%	+4.5%	+1.7%	+2.1%



### Agriculture & Other

	28-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.29	+\$0.09	+1.2%	+0.2%	+5.1%
Wheat (\$US/bu)	\$7.79	+\$0.03	+0.4%	-1.5%	+0.1%
Soybeans (\$US/bu)	\$14.48	+\$0.07	+0.5%	+1.3%	+2.1%
Rough Rice (\$US/cwt)	\$15.35	-\$0.13	-0.8%	+1.3%	+0.6%
Sugar #11 (¢US/lb)	¢18.73	+¢0.35	+1.9%	+2.0%	-3.6%
Lean Hogs (¢US/lb)	¢89.05	+¢0.13	+0.1%	+1.1%	-1.2%
Live Cattle (¢US/lb)	¢133.40	+¢2.65	+2.0%	+2.8%	-2.8%
Cotton No.2 (\$US/lb)	\$0.81	+\$0.01	+0.7%	+3.2%	+8.6%
Lumber (\$US/Mbft)	\$352.70	-\$6.10	-1.7%	-2.6%	-8.3%

### Commodity ETFs

	28-Jan	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$4.80	+\$0.05	+1.1%	+1.3%	+10.3%
HBP Nat Gas U	\$11.25	-\$1.19	-9.6%	-17.6%	-7.9%
HBP Comex Gold	\$16.49	-\$0.03	-0.2%	-2.9%	-0.4%
<b>\$USD</b>					
US Crude Oil	\$34.94	+\$0.16	+0.5%	0.49%	+5.3%
US Nat Gas	\$18.55	-\$0.97	-5.0%	-7.71%	-3.2%
PSDB Agriculture	\$27.79	+\$0.21	+0.8%	-0.29%	-1.1%
PSDB Base Metals	\$19.00	+\$0.02	+0.1%	0.42%	-1.0%

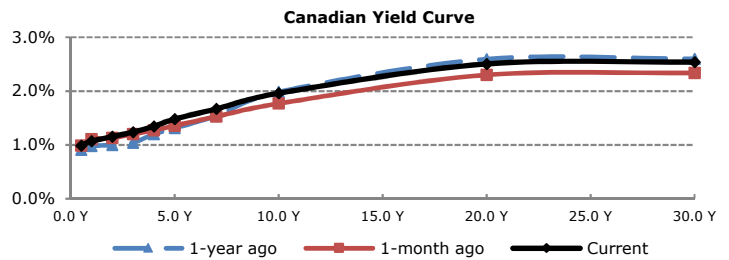
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## Interest Rates

### Canadian yield curve

	<b>28-Jan</b>	<b>day Δ</b>	<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.92%	-	0.92%	0.99%	0.86%
6-mnth	0.99%	-	0.99%	1.03%	0.91%
12-mnth	1.07%	+0.01%	1.11%	1.08%	0.98%
2-year	1.15%	+0.01%	1.13%	1.10%	1.00%
5-year	1.48%	+0.02%	1.36%	1.37%	1.31%
10-year	1.96%	+0.01%	1.77%	1.81%	1.99%
20-year	2.51%	+0.01%	2.30%	2.36%	2.60%
30-year	2.54%	+0.00%	2.34%	2.40%	2.60%

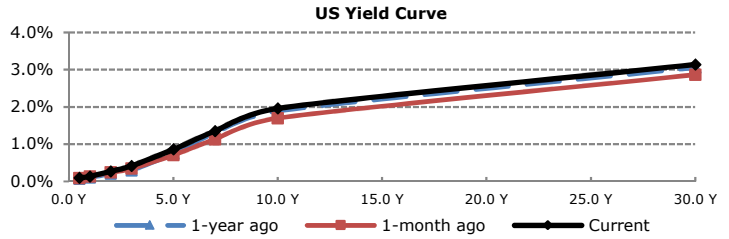
### Historical Levels



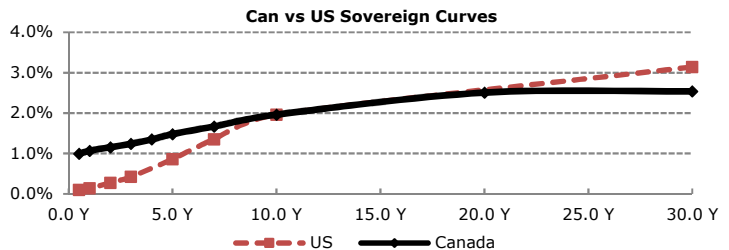
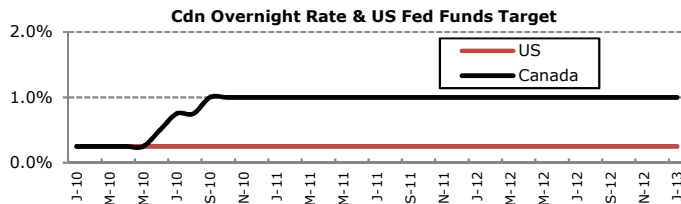
### US yield curve

	<b>28-Jan</b>	<b>day Δ</b>	<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.06%	-0.01%	0.03%	0.11%	0.05%
6-mnth	0.10%	-0.01%	0.09%	0.15%	0.08%
12-mnth	0.14%	-	0.14%	0.17%	0.11%
2-year	0.27%	+0.00%	0.25%	0.30%	0.21%
5-year	0.86%	+0.01%	0.71%	0.76%	0.75%
10-year	1.96%	+0.01%	1.70%	1.75%	1.89%
30-year	3.14%	+0.01%	2.87%	2.90%	3.06%

### Historical Levels



	<b>Current</b>	<b>Prior</b>	<b>Next Meeting</b>	<b>Survey</b>
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)

	<b>Spot</b>	<b>28-Jan</b>	<b>day Δ</b>	<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.006	+0.000	0.995	1.001	0.995	
EURUSD	\$1.346	-0.001	1.324	1.290	1.329	
USDJPY	¥90.86	-0.050	86.10	79.80	77.67	
GBPUSD	\$1.570	-0.010	1.610	1.603	1.582	
AUDUSD	\$1.042	-0.001	1.038	1.033	1.079	

	<b>Spot</b>	<b>28-Jan</b>	<b>day Δ</b>	<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥90.29	-0.086	86.51	79.72	78.08	
CADAUD	\$0.954	+0.000	0.968	0.967	0.932	
GBPCAD	£1.579	-0.010	1.602	1.605	1.574	
EURJPY	¥122.25	-0.070	113.99	102.98	103.19	
EURAUD	\$1.29	+0.000	1.28	1.25	1.23	

## Economic Releases

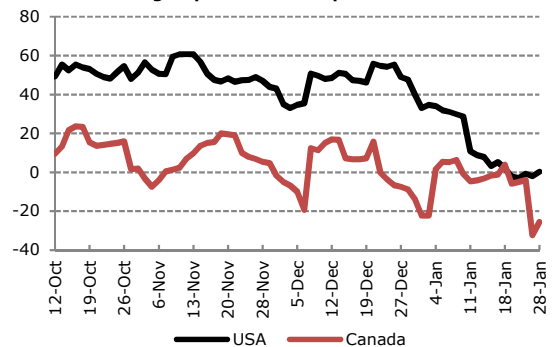
### United States

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Mon, Jan 28	Durable Goods Orders	31-Dec	2%	4.6%	0.7%
Tue, Jan 29	Consumer Confidence	31-Jan	64	--	65.1
Wed, Jan 30	ADP Employment Change	31-Jan	165%	--	215%
Wed, Jan 30	GDP QoQ (Annualized)	31-Dec	1.1%	--	3.1%
Thu, Jan 31	Personal Income	31-Dec	0.8%	--	0.6%
Thu, Jan 31	Continuing Claims	19-Jan	3171K	--	3214K
Thu, Jan 31	Initial Jobless Claims	26-Jan	355K	--	330K
Fri, Feb 01	ISM Manufacturing	31-Jan	0.1	--	50.7
Fri, Feb 01	Nonfarm Payroll	31-Jan	160K	--	155K
Fri, Feb 01	Unemployment Rate	41305	7.8%	7.8%	7.8%

### Canada

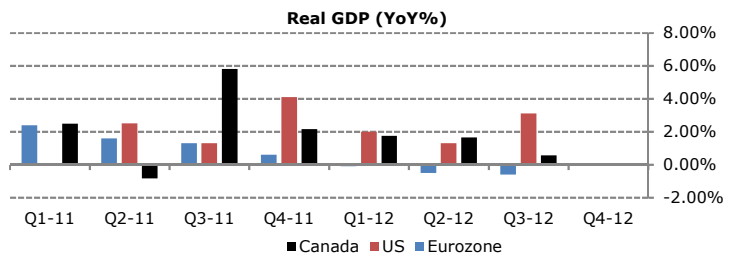
		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Thu, Jan 31	GDP MoM	30-Nov	0.2%	--	0.1%

### Citigroup Economic Surprise Index



## Economics

	<b>Q1-12</b>	<b>Q2-12</b>	<b>Q3-12</b>	<b>Q4-12</b>	<b>2012E</b>
<b>Canada</b>					
Real GDP	1.74%	1.65%	0.57%	NA	2.00%
CPI	2.33%	1.57%	1.23%	0.93%	1.60%
Unemployment	7.20%	7.20%	7.40%	7.10%	7.30%
<b>US</b>					
Real GDP	2.00%	1.30%	3.10%	NA	2.30%
CPI	2.83%	1.90%	1.70%	1.90%	2.10%
Unemployment	8.20%	8.20%	7.80%	7.80%	8.10%
<b>China</b>					
Real GDP	8.10%	7.60%	7.40%	7.90%	7.70%



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