

Today's Commentary

The S&P 500 closed down 0.36 percent to 1501.96 yesterday after Q4 GDP numbers showed that the economy shrank by a pace of 0.1 percent. This morning's data shows that jobless claims in the U.S. rose by 38K to reach 368K, which was more than the consensus forecast. Gold and Oil fell to \$1,671 and \$97.52, respectively. On a positive note, incomes rose by 2.6 percent and consumer spending expanded by 0.2 percent. In Canada the S&P/TSX composite closed at 12,794.44, led down by Research in Motion, which fell 11.78 percent after the launch of its newest set of phones. However, unlike the US, where consumer confidence has reached its lowest level since November 2011, latest surveys show that Canadian consumers are upbeat. In England, banks are facing another round of scrutiny after regulators there have found inconsistencies in the pricing of swap rates to small businesses.

Consumer confidence is at a 19-month high according to the Conference Board of Canada this week, while a similar survey in the U.S. found that confidence has fallen to its lowest level since November 2011 for American consumers. While the economic outlook for 2013 in the U.S. is more bullish than in Canada, economists' opinions seem not to have affected consumer sentiment. Consumer confidence tends to measure feelings about economic conditions that have already passed. However, it can also be predictive of consumer spending going forward. One fifth of the surveyed Canadians expect there to be more jobs in the next six months, while one quarter expect an improvement in their income over the same time period. The consensus opinion among economists, on the other hand, suggests that growth has lagged behind job creation in recent months and hiring will be more subdued going forward.

British banks are set to face yet another scandal, as Britain's financial watchdog has discovered widespread mispricing of interest rate swaps that were sold to small businesses and did not meet regulatory requirements. Barclays and HSBC have set aside 450 million pounds and 150 million pounds respectively for the pending compensation. The derivatives in question were designed to limit small businesses' exposure to rising interest rates, but left them exposed to the risk of falling interest rates. It seems the banks neglected to inform their clients of the downside scenario, and surprised them with high penalties for breaking the agreements. Britain's Financial Services Authority (FSA) found that 90 percent of the swap agreements they looked at, including a variety of interest rate caps and structured collars, did not meet regulatory standards.

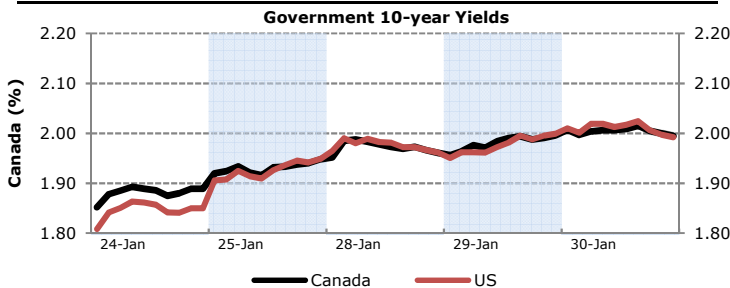
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

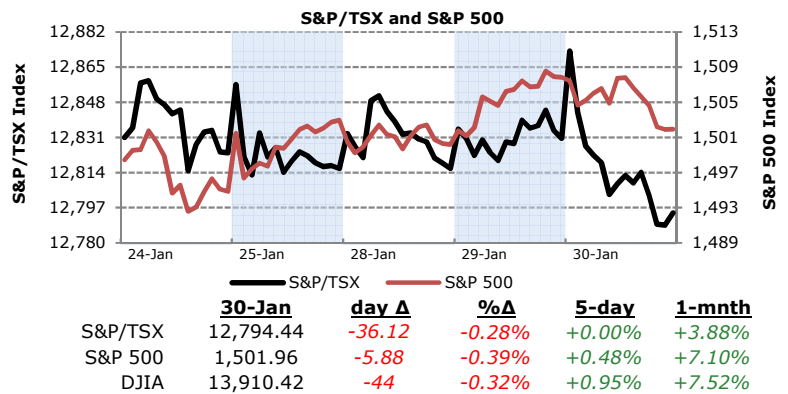
United States	Period	Survey	Actual	Prior
Personal Income	31-Dec	0.7%	2.6%	0.6%
Continuing Claims	19-Jan	3171K	3197K	3214K
Initial Jobless Claims	19-Jan	350K	368K	330K

Canada	Period	Survey	Actual	Prior
GDP MoM	30-Nov	0.2%	0.3%	0.1%

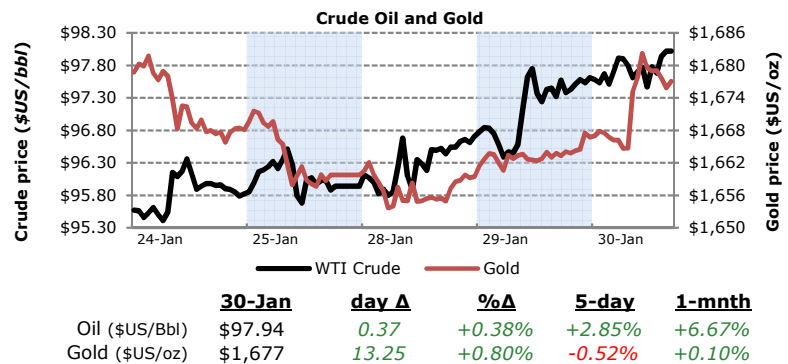
Interest Rates



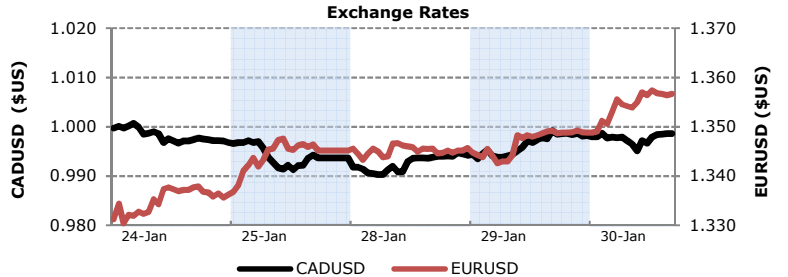
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	30-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.001	+0.001	0.999	0.992	1.000
EURUSD	\$1.357	+0.008	1.332	1.319	1.319
USDJPY	¥91.08	+0.350	88.610	86.75	77.57

Government 10-year Yields

	30-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.00%	-0.001%	1.80%	1.79%	1.89%
United States	1.99%	-0.007%	1.76%	1.72%	1.80%

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.

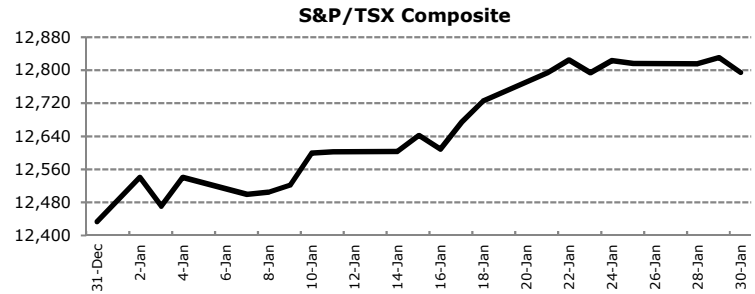
<http://www.rotman.utoronto.ca/financeassociation>

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	30-Jan	day Δ	%Δ
S&P/TSX	12,794.44	-36.12	-0.28%

	Trailing S&P/TSX	TSX 60
5-day	+0.00%	+0.05%
1-month	+3.88%	+3.99%
3-months	+3.37%	+3.54%
6-months	+8.82%	+9.61%
12-months	+2.88%	+3.69%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.38%	+0.61%	+5.71%	+20.58%
C. Staples	-0.38%	+0.22%	+0.13%	+22.33%
Energy	-0.21%	+0.74%	+4.74%	-8.56%
Financials	-0.21%	+0.69%	+4.11%	+13.96%
Healthcare	+0.38%	+2.91%	+9.99%	+12.26%
Info Tech	-1.41%	-3.82%	+10.80%	+12.67%
Industrials	-0.75%	+0.81%	+8.57%	+16.61%
Materials	-0.18%	-2.79%	+0.33%	-17.52%
Metals & Mining	-0.78%	-2.68%	+2.49%	-14.96%
Telecom	-0.53%	+1.29%	+2.18%	+10.99%
Utilities	-0.12%	+0.01%	+5.66%	+5.28%

TSX Top Performers

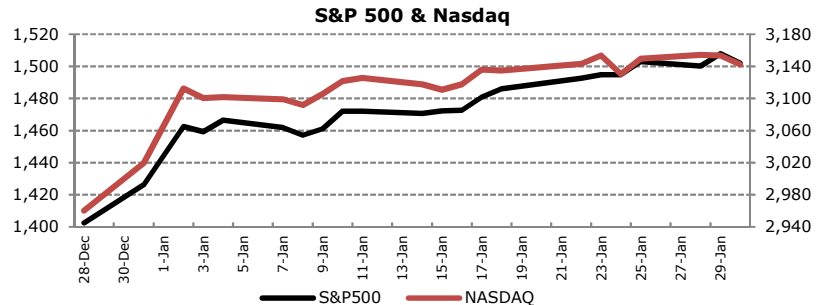
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Ccl Industries Inc - CI B	+16.47%	+16.98%	+25.06%	+71.38%
Cgi Group Inc - Class A	+8.28%	+8.36%	+14.60%	+29.88%
Agf Management Ltd-Class	+6.08%	+9.63%	+13.17%	-24.57%
Novagold Resources Inc	+5.87%	-3.01%	+1.35%	-51.94%
China Gold International	+5.56%	-0.55%	+5.56%	+12.11%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Research In Motion	-11.78%	-19.88%	+17.96%	-17.11%
Transcontinental Inc-CI A	-4.45%	-4.45%	+3.46%	-6.28%
Canfor Corp	-3.55%	-4.34%	+10.98%	+57.72%
Turquoise Hill Resources	-3.44%	-11.17%	+8.40%	-46.82%
Aurico Gold Inc	-3.42%	-9.03%	-9.50%	-25.71%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
30-Jan	1,501.96	13,910.42	3,142.31
1-day	-0.39%	-0.32%	-0.36%
5-day	+0.48%	+0.95%	-0.36%
1-month	+7.10%	+7.52%	+6.15%
3-months	+6.38%	+6.13%	+5.17%
6-months	+8.42%	+6.41%	+6.67%
12-months	+14.39%	+9.93%	+11.75%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.17%	+0.74%	+8.32%	+22.16%
C. Staples	-0.16%	+1.28%	+6.96%	+15.68%
Energy	-0.67%	+1.87%	+10.43%	+8.14%
Financials	-0.45%	+0.47%	+7.43%	+24.43%
Healthcare	-0.38%	+1.78%	+8.94%	+20.36%
Info Tech	-0.23%	-1.89%	+3.50%	+6.76%
Industrials	-0.87%	+0.32%	+8.07%	+11.14%
Materials	-0.56%	-0.35%	+6.78%	+5.82%
Telecom	-0.38%	+1.31%	+2.89%	+19.35%
Utilities	+0.03%	+1.66%	+5.93%	+5.75%

DJIA Top Performers

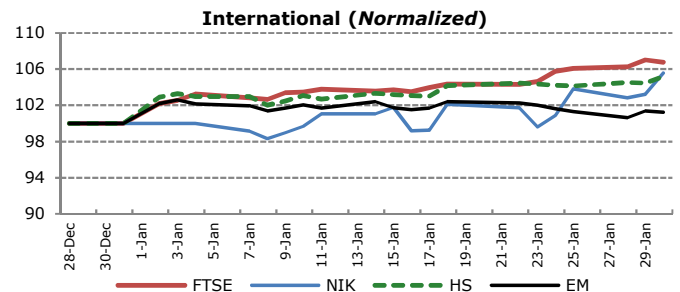
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Boeing Co/The	+1.28%	+0.40%	-0.13%	+2.98%
Intel Corp	+0.47%	+1.23%	+5.58%	-16.30%
Verizon Communications In	+0.25%	+1.92%	+2.84%	+21.35%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
General Electric Co	-1.20%	+1.32%	+8.76%	+22.92%
Exxon Mobil Corp	-1.19%	-0.03%	+6.55%	+11.02%
3M Co	-0.99%	+1.32%	+9.83%	+19.38%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,323.11	11,113.95	23,822.06	1,068.20
1-day	-0.25%	+2.28%	+0.71%	-0.16%
5-day	+2.02%	+5.98%	+0.79%	-0.77%
1-month	+6.71%	+6.91%	+5.10%	+1.23%
3-months	+8.09%	+25.70%	+11.17%	+7.82%
6-months	+11.06%	+28.70%	+21.63%	+12.56%
12-months	+11.50%	+26.39%	+18.16%	+6.16%



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Nymex WTI Crude Oil

(\$US/Bbl)	30-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$97.94	+\$0.37	+0.38%	+2.85%	+6.67%
Cal 13	\$98.46	+\$0.40	+0.40%	+2.49%	+10.19%
Cal 14	\$94.54	+\$0.23	+0.24%	+1.11%	+5.72%

(\$US/bbl)	Q2-13	Q3-13	Q4-13	Q1-14	2014
Consensus Forecast	\$94.00	\$95.50	\$98.00	\$100.00	\$98.00
Current Forward	\$98.74	\$98.97	\$97.84	\$96.38	\$94.54

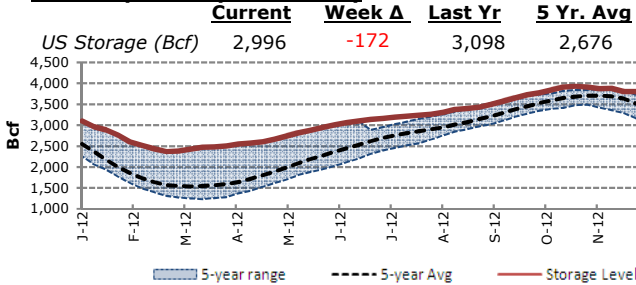
Inventory Levels (as of Jan-25)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	369,062	+5,947	337,426	319,411
Motor Gas	232,301	-956	214,389	200,481
Distillates	130,623	-2,315	171,756	140,851

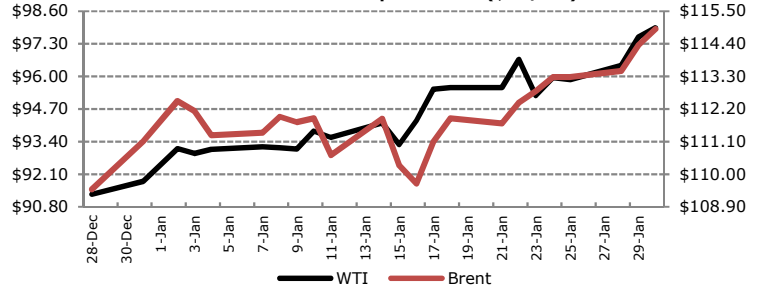
Nymex Natural Gas

(\$US/MMbtu)	30-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.34	+\$0.08	+2.36%	-6.16%	-3.86%
Apr13-Oct13	\$3.53	+\$0.07	+2.08%	-4.89%	-0.09%
Nov13-Mar14	\$3.96	+\$0.06	+1.47%	-3.60%	+1.02%
Apr14-Oct14	\$3.99	+\$0.05	+1.26%	-2.66%	+2.18%
Nov14-Mar15	\$4.34	+\$0.08	+1.98%	-1.49%	+6.01%

Inventory Levels (as of Jan-18)



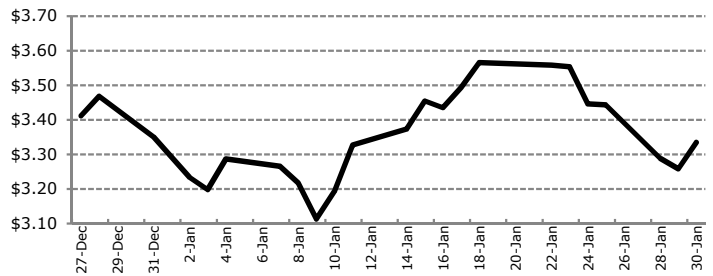
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	30-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$114.90	+\$0.54	+0.47%	+1.86%	+3.41%

Nat Gas Prompt (\$US/MMbtu)



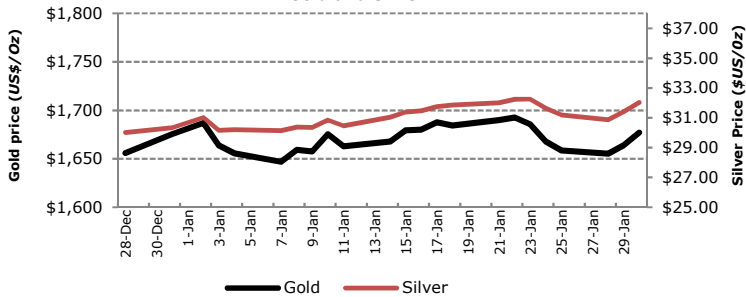
Alberta Natural Gas

(\$CAD/GJ)	30-Jan	day Δ	%Δ
AECO Feb-13	\$2.88	+\$0.05	+1.8%

Precious Metals

\$US/oz	30-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,677.05	+\$13.25	+0.8%	-0.5%	+0.1%	-2.2%
Silver	\$32.04	+\$0.63	+2.0%	-0.7%	+5.6%	-0.7%
Platinum	\$1,687	+\$7.25	+0.4%	-0.0%	+9.6%	+7.3%

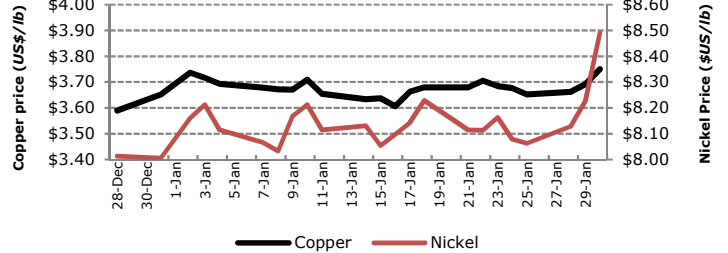
Gold and Silver



Industrial Metals

\$US/lb	30-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.75	+\$0.06	+1.6%	+1.8%	+2.7%	+5.6%
Nickel	\$8.49	+\$0.26	+3.2%	+4.0%	+6.0%	+11.4%
Zinc	\$1.04	+\$0.03	+2.7%	+2.3%	+3.8%	+14.1%
Aluminum	\$0.93	+\$0.02	+2.2%	0.0%	0.0%	+8.1%
Uranium	\$43.75	+\$0.00	0.0%	+2.9%	+0.6%	+6.7%

Copper and Nickel



Agriculture & Other

	30-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.40	+\$0.11	+1.5%	+2.7%	+6.0%
Wheat (\$US/bu)	\$7.87	+\$0.10	+1.3%	+1.6%	+1.2%
Soybeans (\$US/bu)	\$14.79	+\$0.27	+1.9%	+2.9%	+4.9%
Rough Rice (\$US/cwt)	\$15.40	-\$0.13	-0.8%	+0.6%	+1.5%
Sugar #11 (¢US/lb)	¢18.71	+¢0.33	+1.8%	+1.1%	-4.1%
Lean Hogs (¢US/lb)	¢89.25	-¢0.38	-0.4%	+1.4%	+0.6%
Live Cattle (¢US/lb)	¢132.93	-¢0.05	-0.0%	+1.9%	-2.5%
Cotton No. 2 (\$US/lb)	\$0.83	+\$0.01	+0.7%	+3.1%	+10.4%
Lumber (\$US/Mbft)	\$342.70	-\$9.60	-2.7%	-4.0%	-8.6%

Commodity ETFs

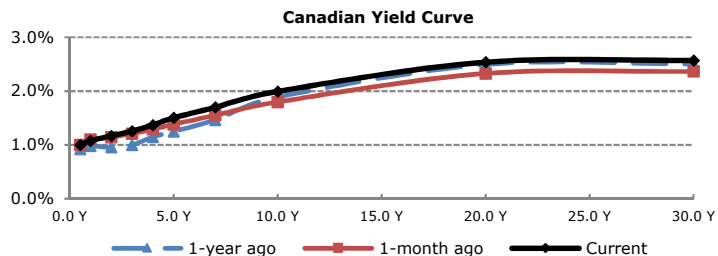
	30-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.94	+\$0.06	+1.2%	+5.1%	+12.8%
HBP Nat Gas U	\$11.48	+\$0.47	+4.3%	-12.4%	-2.7%
HBP Comex Gold	\$16.68	+\$0.12	+0.7%	-0.5%	-0.1%
\$USD					
US Crude Oil	\$35.49	+\$0.20	+0.6%	2.54%	+7.4%
US Nat Gas	\$18.77	+\$0.41	+2.2%	-6.15%	-3.6%
PSDB Agriculture	\$27.89	+\$0.14	+0.5%	0.65%	-0.6%
PSDB Base Metals	\$19.51	+\$0.40	+2.1%	1.93%	+2.6%

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Interest Rates

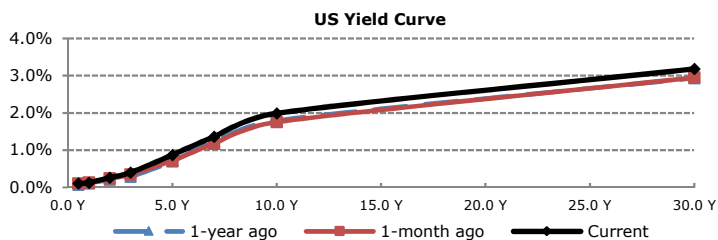
Canadian yield curve

	30-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.92%	0.99%	0.88%
6-mnth	1.00%	-	1.00%	1.03%	0.92%
12-mnth	1.08%	+0.01%	1.10%	1.06%	0.98%
2-year	1.17%	+0.00%	1.14%	1.08%	0.96%
5-year	1.51%	+0.00%	1.38%	1.34%	1.25%
10-year	2.00%	-0.00%	1.80%	1.79%	1.89%
20-year	2.54%	+0.01%	2.33%	2.34%	2.50%
30-year	2.57%	+0.00%	2.37%	2.38%	2.50%

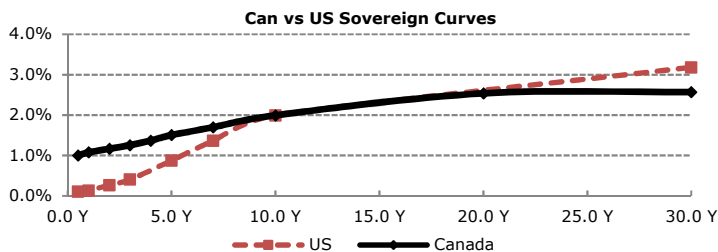
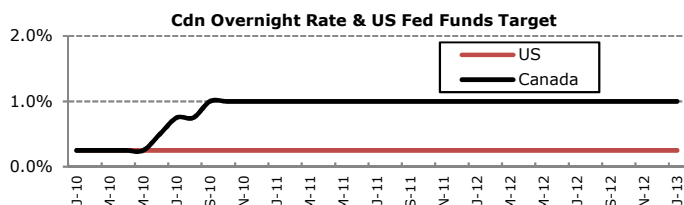


US yield curve

	30-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.06%	-0.01%	0.04%	0.09%	0.05%
6-mnth	0.11%	-0.01%	0.11%	0.15%	0.08%
12-mnth	0.13%	-0.01%	0.14%	0.17%	0.11%
2-year	0.27%	-0.01%	0.25%	0.28%	0.21%
5-year	0.88%	-0.00%	0.72%	0.74%	0.70%
10-year	1.99%	-0.01%	1.76%	1.72%	1.80%
30-year	3.18%	-0.00%	2.95%	2.90%	2.94%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	6-Mar-13	1.00%
US Fed Funds	0.25%	0.25%	20-Mar-13	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	30-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.001	+0.001	0.992	0.999	1.000	
EURUSD	\$1.357	+0.008	1.319	1.296	1.319	
USDJPY	¥91.08	+0.350	86.75	79.77	77.57	
GBPUSD	\$1.580	+0.004	1.626	1.613	1.577	
AUDUSD	\$1.042	-0.006	1.039	1.038	1.073	

	Spot	30-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥90.96	+0.310	87.42	79.81	77.59	
CADAUD	\$0.959	+0.005	0.970	0.964	0.932	
GBPUSD	£1.582	+0.005	1.612	1.612	1.576	
EURJPY	¥123.57	+1.160	114.46	103.38	102.29	
EURAUD	\$1.30	+0.014	1.27	1.25	1.23	

Economic Releases

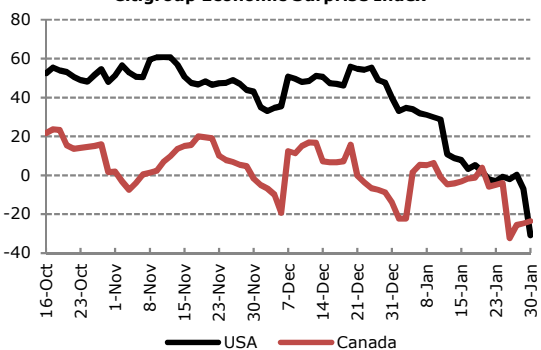
United States

		Period	Survey	Actual	Prior
Mon, Jan 28	Durable Goods Orders	31-Dec	2%	4.6%	0.7%
Tue, Jan 29	Consumer Confidence	31-Jan	64	58.6	65.1
Wed, Jan 30	ADP Employment Change	31-Jan	165%	192%	215%
Wed, Jan 30	GDP QoQ (Annualized)	31-Dec	1.1%	-0.1%	3.1%
Thu, Jan 31	Personal Income	31-Dec	0.7%	2.6%	0.6%
Thu, Jan 31	Continuing Claims	19-Jan	3171K	3197K	3214K
Thu, Jan 31	Initial Jobless Claims	19-Jan	350K	368K	330K
Fri, Feb 01	ISM Manufacturing	31-Jan	0.1	--	50.7
Fri, Feb 01	Nonfarm Payroll	31-Jan	165K	--	155K
Fri, Feb 01	Unemployment Rate	7.8%	--	7.8%	7.8%

Canada

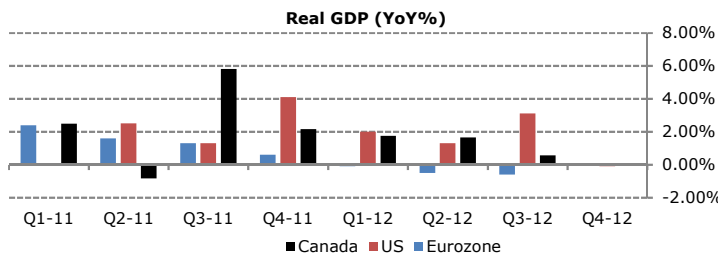
		Period	Survey	Actual	Prior
Thu, Jan 31	GDP MoM	30-Nov	0.2%	0.3%	0.1%

Citigroup Economic Surprise Index



Economics

	Q1-12	Q2-12	Q3-12	Q4-12	2012E
Canada					
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%
US					
Real GDP	2.00%	1.30%	3.10%	-0.10%	2.30%
CPI	2.83%	1.90%	1.70%	1.90%	2.10%
Unemployment	8.20%	8.20%	7.80%	7.80%	8.10%
China					
Real GDP	8.10%	7.60%	7.40%	7.90%	7.70%



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