

Today's Commentary

Stocks were mixed on Thursday with the S&P down -0.13% to 1,845.89 and the TSX up +0.43% to 13,831.58. Bonds are now richer with the US 10 year yielding 2.84% (-1bp) and Canadian 10 years yielding 2.51% (-4bps). This morning we saw US building permits come in at 990k (expected 1014k) and housing starts at 1mm (expected 990k). Later on, capacity utilization (expected 79.1%), industrial production (expected 0.3% m/m), and University of Michigan Sentiment Index (preliminary; expected 83.5) will also be released. The next set of Canadian data will be released next Tuesday with manufacturing and wholesale sales statistics.

Annualized US housing starts fell 9.8% to 999k after a drop in December construction to 0.99M from 1.11M in November. Applications for building permits also fell 3% in December to a pace of 986k; however in 2013, the overall housing construction increased by 18.3% from the previous year, the most since 2007's 1.36M, indicating the economy is on a slow recovery course. Overall, the homebuilder sentiment in January held its highest levels in 8 years, coming in at 56, meaning more respondents reported forecasts of good market conditions. Borrowing costs for prospective buyers have climbed since the Fed signaled they would decrease purchases of mortgage-backed securities and other bonds.

UK economy continues to signal strong growth with the latest December retail sales number beating the economists forecast. Sales including fuel increased 2.6% from November. It is the strongest December since the record began in 1996. Department stores posted record 8.7% increase in sales. From a year earlier, retail sales rose 5.3% in December, the largest y/y increase in 9 years. The data shows some strength in consumer spending after retail sales fell 0.9% in October and barely grew in November. The pound strengthened trading at 1.6438 during London trading session, up 0.5% against the dollar. While the British economy is strengthening and inflation is cooling, wage growth remains subdued, keeping a squeeze on consumers.

Aequitas Innovations have announced that it will proceed with the implementation of a new Canadian stock exchange, as well as a centralized platform for private securities focused on capital raising and liquidity for small and mid-sized issuers. Aequitas amended the proposal setting up mechanism to identify predatory high frequency trading strategies, making these strategies uneconomic through a combination of trading fees and speed-bumps.

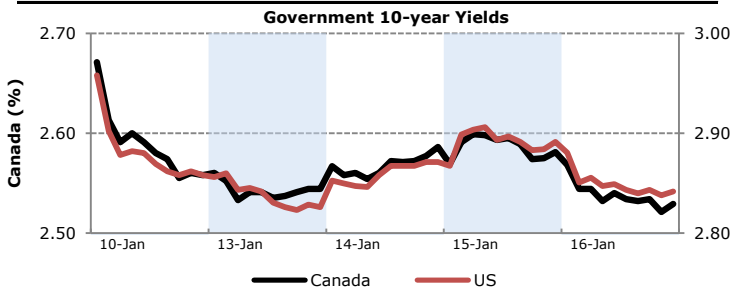
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Industrial Production	31-Dec	0.4%	0.3%	1.0%
Housing Starts	31-Dec	990K	1000K	1100K

Canada	Period	Survey	Actual	Prior
None Scheduled				

Interest Rates

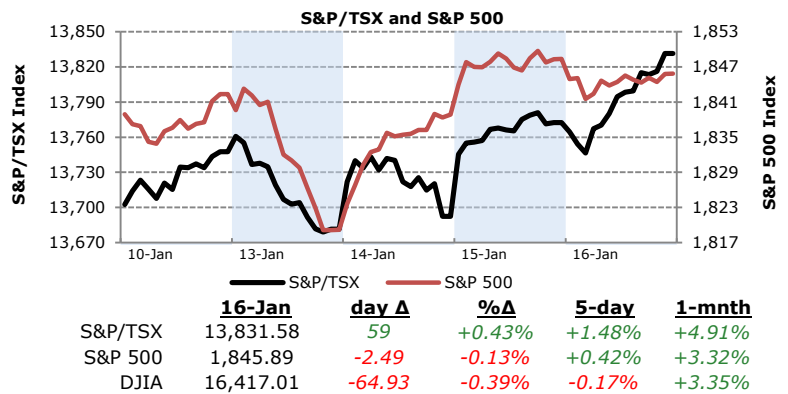


Master of Financial Economics Program

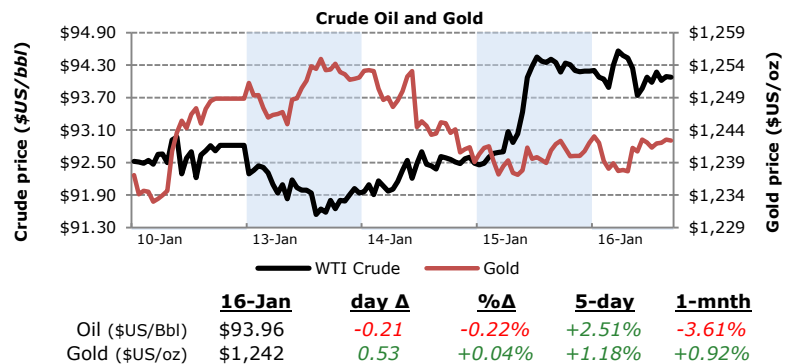
The Master of Financial Economics Program at the University of Toronto is a collaborative program of the Department of Economics and the Rotman School of Management. The program's key objective is to provide a broad understanding of Financial Theory and the Economics framework upon which that theory 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/>

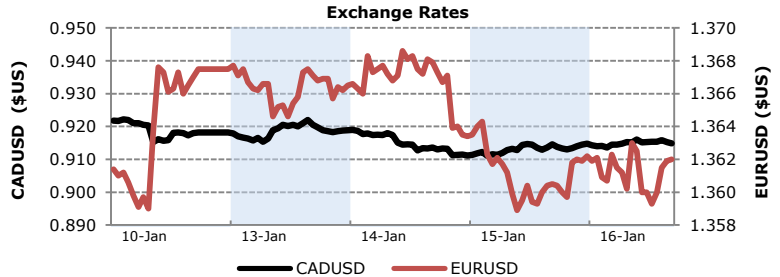
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	16-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.093	-0.000	1.084	1.060	0.992
EURUSD	\$1.362	+0.002	1.361	1.376	1.332
USDJPY	¥104.35	-0.210	104.820	103.02	90.10

Government 10-year Yields

	16-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.53%	-0.052%	2.64%	2.53%	1.89%
United States	2.84%	-0.050%	2.84%	2.58%	1.82%

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>

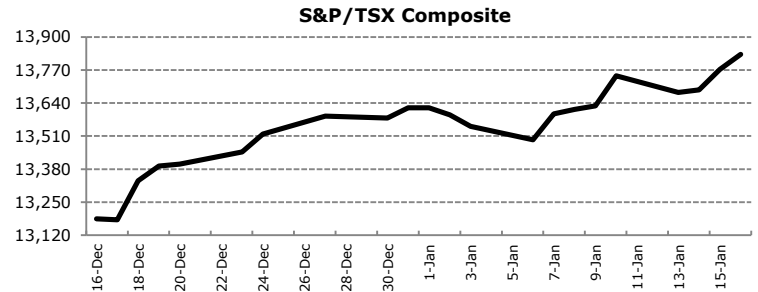
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	<u>16-Jan</u>	<u>day Δ</u>	<u>%Δ</u>
S&P/TSX	13,831.58	59	+0.43%

	<u>Trailing S&P/TSX</u>	<u>TSX 60</u>
5-day	+1.48%	+1.45%
1-month	+4.91%	+5.07%
3-months	+6.75%	+6.79%
6-months	+10.50%	+10.78%
12-months	+9.70%	+9.98%



TSX Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
C. Discretionary	+0.51%	+1.33%	+3.88%	+37.89%
C. Staples	+0.24%	+0.75%	+2.89%	+23.09%
Energy	+0.73%	+1.11%	+2.80%	+8.53%
Financials	+0.18%	+0.01%	+2.91%	+19.68%
Healthcare	+1.55%	+2.45%	+16.50%	+49.03%
Info Tech	+0.44%	+0.55%	+9.74%	+28.95%
Industrials	-0.98%	+0.67%	+1.76%	+27.60%
Materials	+0.99%	+6.61%	+12.79%	-24.92%
Metals & Mining	+4.37%	+11.72%	+20.25%	-15.96%
Telecom	+0.21%	+1.91%	+2.45%	+7.23%
Utilities	+0.55%	+0.69%	+3.79%	-10.08%

TSX Top Performers

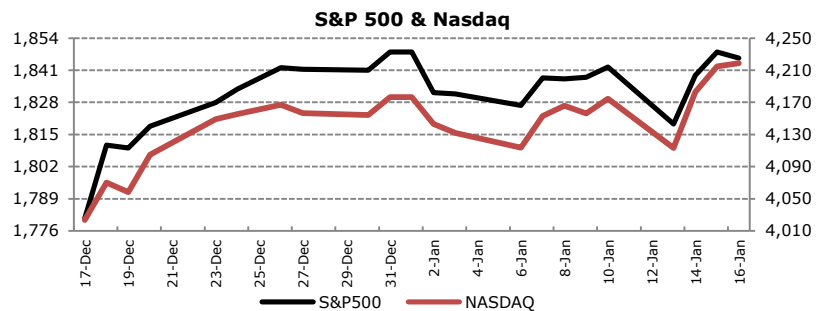
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
Birchcliff Energy Ltd		+11.36%	+15.01%	+12.55%	+19.74%
Torex Gold Resources Inc		+8.26%	+16.83%	+7.27%	-42.16%
Turquoise Hill Resources		+8.25%	+18.98%	+23.17%	-38.11%
Raging River Exploration		+6.29%	+10.59%	+10.94%	NA
Sherritt International Co		+5.18%	+10.29%	+26.56%	-32.28%

TSX Worst Performers

	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
Alamos Gold Inc		-17.20%	-12.46%	-10.17%	-24.75%
Bombardier Inc-B		-7.74%	-5.01%	-9.15%	+3.22%
Ithaca Energy Inc		-4.80%	-6.86%	-4.44%	+39.46%
Nevsun Resources Ltd		-3.43%	+6.20%	+20.86%	-11.26%
Centerra Gold Inc		-2.23%	-3.30%	+15.83%	-57.38%

US Indices

	<u>S&P 500</u>	<u>DJIA</u>	<u>Nasdaq</u>
Trailing			
16-Jan	1,845.89	16,417.01	4,218.69
1-day	-0.13%	-0.39%	+0.09%
5-day	+0.42%	-0.17%	+1.50%
1-month	+3.32%	+3.35%	+4.69%
3-months	+7.22%	+6.79%	+9.88%
6-months	+10.12%	+6.25%	+17.23%
12-months	+25.35%	+21.51%	+35.32%



S&P 500 Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
C. Discretionary	-0.46%	-1.05%	+1.16%	+32.94%
C. Staples	+0.01%	+0.12%	+0.90%	+16.99%
Energy	+0.08%	-0.92%	+0.90%	+14.57%
Financials	-0.62%	-0.29%	+3.89%	+28.29%
Healthcare	+0.23%	+0.98%	+6.19%	+36.80%
Info Tech	-0.07%	+2.18%	+5.06%	+24.93%
Industrials	-0.32%	+0.42%	+3.78%	+32.69%
Materials	+0.14%	+1.11%	+4.60%	+18.39%
Telecom	+0.40%	+1.58%	+0.11%	+5.81%
Utilities	+0.65%	+1.04%	+1.80%	+7.93%

DJIA Top Performers

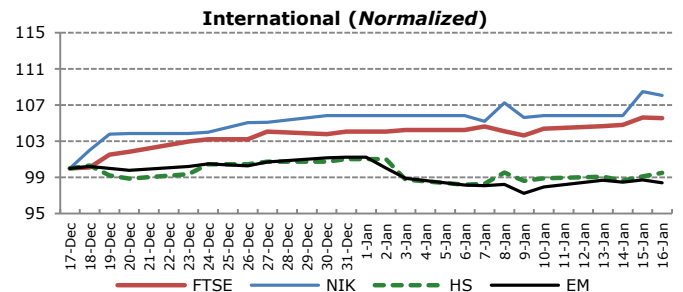
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
Mcdonald'S Corp		+0.63%	+0.63%	+0.64%	+5.44%
Intl Business Machines Co		+0.54%	+0.74%	+6.13%	-1.99%
Verizon Communications In		+0.54%	+2.17%	+0.56%	+16.91%

DJIA Worst Performers

	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
Unitedhealth Group Inc		-2.78%	-4.36%	+2.39%	+35.59%
Goldman Sachs Group Inc		-2.00%	-1.26%	+2.47%	+24.15%
Wal-Mart Stores Inc		-1.16%	-1.70%	-1.26%	+10.91%

International Markets

	<u>FTSE 100</u>	<u>Nikkei</u>	<u>Hang Seng</u>	<u>MSCI EM</u>
Trailing				
Last Close	6,815.42	15,747.20	22,986.41	974.65
1-day	-0.07%	-0.39%	+0.37%	-0.33%
5-day	+1.85%	-0.84%	+0.87%	+1.20%
1-month	+4.50%	+3.92%	-0.55%	-1.59%
3-months	+3.71%	+8.85%	-1.04%	-5.49%
6-months	+3.95%	+7.86%	+7.85%	+2.27%
12-months	+11.66%	+48.55%	-1.59%	-9.01%



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Nymex WTI Crude Oil

(\$US/Bbl)	16-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$93.96	-\$0.21	-0.22%	+2.51%	-3.61%
Cal 14	\$91.76	-\$0.31	-0.34%	+1.62%	-3.66%
Cal 15	\$84.75	-\$0.47	-0.55%	+0.30%	-4.57%

(\$US/bbl)	Q2-14	Q3-14	Q4-14	Q1-15	2015
Consensus Forecast	\$95.00	\$96.00	\$95.00	\$94.45	\$94.71
Current Forward	\$93.43	\$91.28	\$89.05	\$87.05	\$84.75

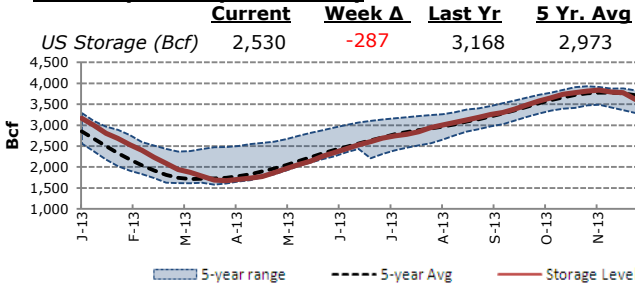
Inventory Levels (as of Jan-10)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	350,234	-7,658	337,426	319,411
Motor Gas	233,142	+6,183	214,389	200,481
Distillates	123,950	-1,023	171,756	140,851

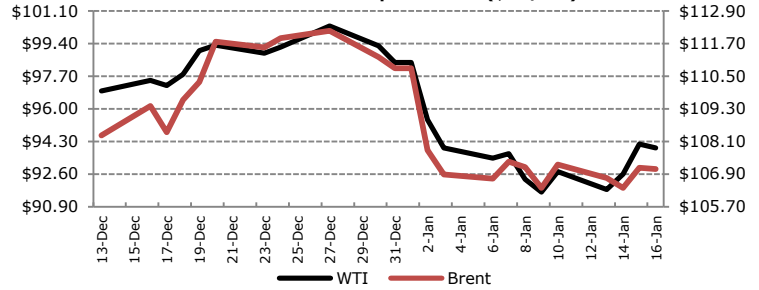
Nymex Natural Gas

(\$US/MMbtu)	16-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.38	+\$0.06	+1.32%	+9.41%	+2.22%
Feb14-Mar14	\$4.20	+\$0.04	+0.89%	+6.82%	+2.72%
Apr14-Oct14	\$4.13	+\$0.03	+0.68%	+5.12%	+2.21%
Nov14-Mar15	\$4.29	+\$0.02	+0.52%	+4.01%	+3.30%
Apr15-Oct15	\$4.00	+\$0.01	+0.19%	+2.48%	-3.16%

Inventory Levels (as of Jan-10)



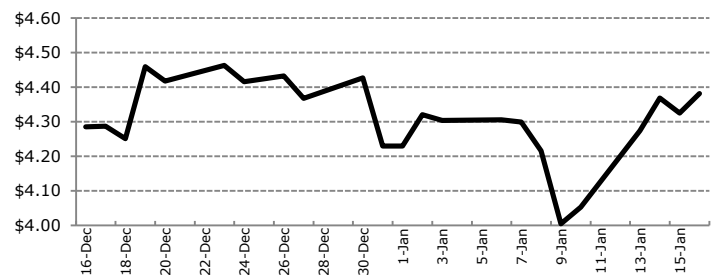
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	16-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$107.09	-\$0.04	-0.04%	+0.66%	-2.12%

Nat Gas Prompt (\$US/MMbtu)



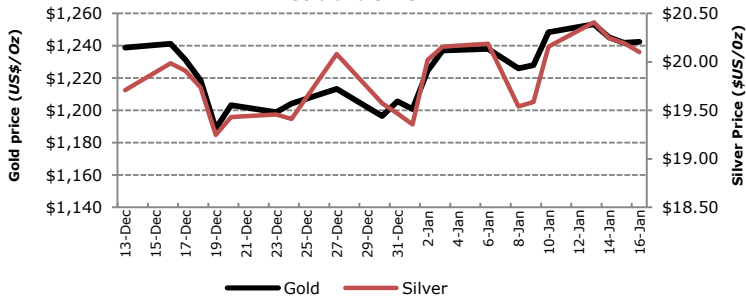
Alberta Natural Gas

(\$CAD/GJ)	16-Jan	day Δ	%Δ
AECO Feb-14	\$3.91	+\$0.07	+1.9%

Precious Metals

\$US/oz	16-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,242.39	+\$0.53	+0.0%	+1.2%	+0.9%	-6.8%
Silver	\$20.10	-\$0.09	-0.5%	+2.6%	+1.0%	-10.9%
Platinum	\$1,433	+\$2.80	+0.2%	+1.0%	+6.2%	-0.1%

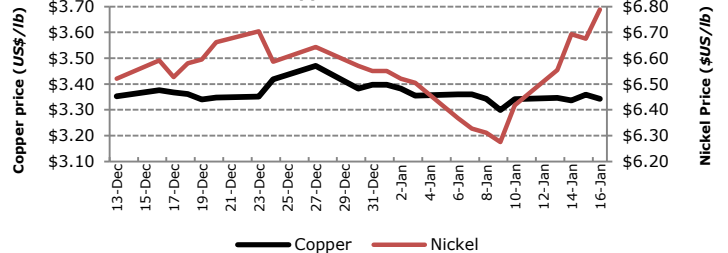
Gold and Silver



Industrial Metals

\$US/lb	16-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.34	-\$0.02	-0.5%	+1.3%	-0.7%	+2.3%
Nickel	\$6.79	+\$0.11	+1.7%	+8.2%	+4.0%	-0.6%
Zinc	\$1.04	+\$0.01	+1.2%	+3.1%	+4.2%	+8.5%
Aluminum	\$0.80	+\$0.02	+2.6%	+2.6%	+1.3%	-3.6%
Uranium	\$35.35	+\$0.30	+0.9%	+0.9%	+2.0%	+0.7%

Copper and Nickel



Agriculture & Other

	16-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.28	+\$0.02	+0.5%	+3.9%	+0.7%
Wheat (\$US/bu)	\$5.73	+\$0.05	+0.9%	-2.0%	-6.5%
Soybeans (\$US/bu)	\$13.15	-\$0.03	-0.2%	+3.2%	+0.1%
Rough Rice (\$US/cwt)	\$15.58	-\$0.06	-0.4%	+1.1%	+2.3%
Sugar #11 (¢US/lb)	¢15.45	+¢0.22	+1.4%	-0.2%	-2.8%
Lean Hogs (¢US/lb)	¢92.25	+¢0.70	+0.8%	+1.7%	+1.2%
Live Cattle (¢US/lb)	¢139.23	+¢0.28	+0.2%	+1.7%	+4.3%
Cotton No.2 (\$US/lb)	\$0.86	+\$0.01	+1.7%	+4.1%	+3.8%
Lumber (\$US/Mbft)	\$366.70	+\$1.30	+0.4%	-0.7%	-2.1%

Commodity ETFs

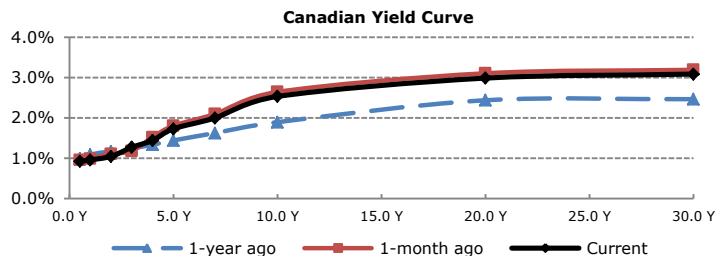
	16-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.22	-\$0.04	-0.9%	+3.2%	-7.7%
HBP Nat Gas U	\$13.13	+\$0.18	+1.4%	+15.3%	+2.3%
iShares Gold ETF	\$11.03	+\$0.02	+0.2%	+1.0%	+0.4%
\$USD					
US Crude Oil	\$33.65	-\$0.12	-0.4%	1.72%	-3.9%
US Nat Gas	\$21.27	+\$0.19	+0.9%	8.02%	+1.7%
PSDB Agriculture	\$24.35	+\$0.11	+0.5%	0.95%	-0.4%
PSDB Base Metals	\$16.73	+\$0.05	+0.3%	2.39%	+1.1%

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Interest Rates

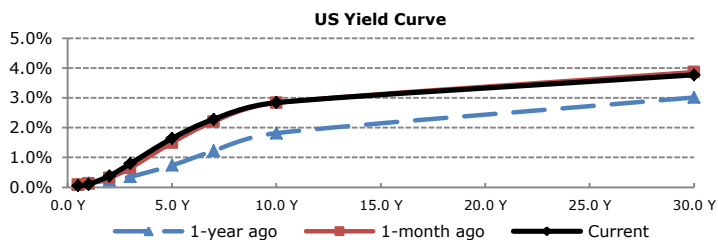
Canadian yield curve

	16-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.91%	0.92%	0.92%
6-mnth	0.92%	-	0.95%	0.95%	0.99%
12-mnth	0.96%	-0.01%	0.98%	1.02%	1.09%
2-year	1.04%	-0.03%	1.11%	1.18%	1.17%
5-year	1.73%	-0.05%	1.80%	1.83%	1.44%
10-year	2.53%	-0.05%	2.64%	2.53%	1.89%
20-year	2.98%	-0.04%	3.10%	3.03%	2.43%
30-year	3.08%	-0.04%	3.19%	3.10%	2.46%

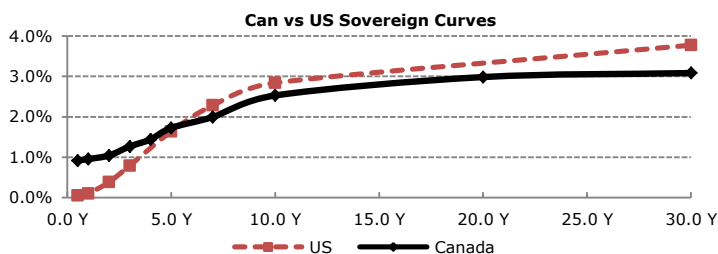
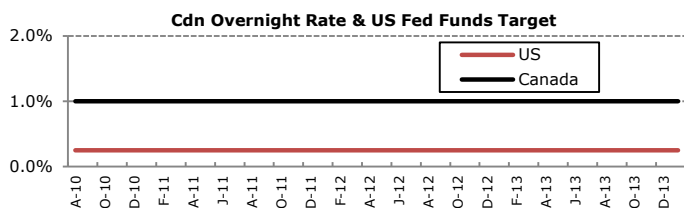


US yield curve

	16-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.03%	-0.01%	0.06%	0.02%	0.07%
6-mnth	0.06%	-0.01%	0.09%	0.07%	0.10%
12-mnth	0.10%	-	0.13%	0.11%	0.14%
2-year	0.38%	-0.01%	0.32%	0.31%	0.24%
5-year	1.64%	-0.03%	1.49%	1.33%	0.74%
10-year	2.84%	-0.05%	2.84%	2.58%	1.82%
30-year	3.77%	-0.05%	3.87%	3.64%	3.01%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	22-Jan-13	1.00%
US Fed Funds	0.25%	0.25%	29-Jan-13	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

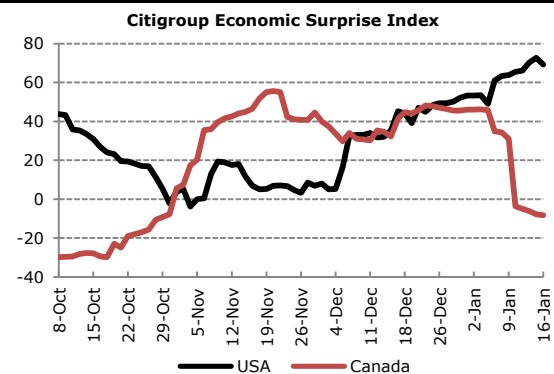
	Spot	16-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.093	-0.000		1.060	1.033	0.992
EURUSD	\$1.362	+0.002		1.376	1.353	1.332
USDJPY	¥104.35	-0.210		103.02	98.77	90.10
GBPUSD	\$1.635	-0.002		1.630	1.595	1.587
AUDUSD	\$0.882	-0.009		0.895	0.955	1.051

	Spot	16-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥95.46	-0.165		97.22	95.63	90.85
CADAUD	\$1.037	+0.011		1.055	1.014	0.959
GBPUSD	£1.788	-0.002		1.727	1.647	1.574
EURJPY	¥142.12	-0.130		141.75	133.67	119.98
EURAUD	\$1.54	+0.018		1.54	1.42	1.27

Economic Releases

United States

		Period	Survey	Actual	Prior
Tue, Jan 14	Advance Retail Sales	31-Dec	0.40%	0.70%	0.10%
Wed, Jan 15	Producer Price Index (MoM)	31-Dec	0.4%	0.4%	-0.1%
Thu, Jan 16	Continuing Claims	4-Jan	2850K	3030K	2865K
Thu, Jan 16	Initial Jobless Claims	11-Jan	328K	326K	330K
Thu, Jan 16	Consumer Price Index (MoM)	31-Dec	0.3%	0.3%	0%
Fri, Jan 17	Industrial Production	31-Dec	0.40%	0.30%	1.00%
Fri, Jan 17	Housing Starts	31-Dec	990K	1000K	1100K

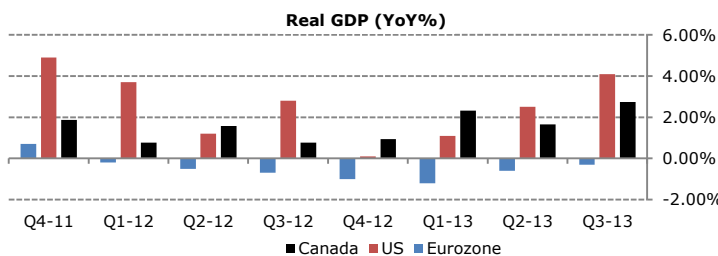


Canada

Period	Survey	Actual	Prior
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Economics

	Q4-12	Q1-13	Q2-13	Q3-13	2013E
Canada					
Real GDP	0.93%	2.32%	1.65%	2.74%	1.70%
CPI	0.93%	0.90%	0.77%	1.17%	1.00%
Unemployment	7.10%	7.20%	7.10%	6.90%	7.05%
US					
Real GDP	0.10%	1.10%	2.50%	4.10%	1.90%
CPI	1.90%	1.70%	1.43%	1.57%	1.50%
Unemployment	7.90%	7.50%	7.50%	7.20%	7.40%
China					
Real GDP	7.90%	7.70%	7.50%	7.80%	7.65%



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