

Today's Commentary

Equities were mixed Tuesday with the S&P gaining and the TSX shedding 0.28% each respectively. The S&P now stands at 1,843.80 and the TSX and 13,951.77. Similarly, rates on each side of the border moved slightly in opposite directions with the US 10 year -1bp richer and the Canadian counterpart +1bp cheaper at 2.83% and 2.50% respectively. The only release this morning is the Bank of Canada's interest rate announcement at 10am EST. As expected the overnight rate target remained unchanged at 1%.

UK unemployment fell to 7.1%, the lowest rate in almost 5 years, bringing it closer to the target rate of 7%. Unemployment in the last quarter fell by 167K to 2.32M, the largest decrease since 1997. Bank of England policy makers said in their meeting minutes published today, that the Monetary Policy Committee "saw no immediate need to raise bank rate even if the 7% unemployment threshold were to be reached in the near future." UK's inflation slowed to 2% in December, hitting the BOE's target for the first time in more than 4 years, however today's ONS report showed that inflation continues to grow faster than wage.

Bank of Japan Governor Haruhiko Kuroda stuck to the pledge to expand the monetary base by an annual 60 trillion to 70 trillion yen after a two-day meeting in Tokyo, in line with all 36 economist forecasts. The Japanese consumer prices excluding food rose 1.2% in November from a year ago, the fastest pace since 2008 and approaching the 2% target. "Inflation is coming along with the BOJ forecast", Naoki Murakami, chief economist at Monex Inc. "The BOJ doesn't need to act now." Analysts estimate inflation for the final quarter to be 1.1%, nearly three times economists 0.4% forecast last year, according to a separate poll.

Royal Bank of Canada (RY) announced a Preferred Share issuance yesterday, the first Canadian Basel III-Compliant domestic public offering. RBC is set to issue 8M Preferred Shares Series AZ priced at \$25/share. Under Basel III, Preferred Shares qualify as Tier 1 Capital on a banks' balance sheet if 1) it is perpetual in nature with no incentive for the company to redeem and 2) are subject to conversion into common shares if the bank is deemed non-viable by regulators. Due to regulation changes, there has been limited Canadian bank preferred share issuance since 2011, however this inaugural offering made by RBC could set a wave of other Canadian bank issuances. The offering will be underwritten by a syndicate led by RBC Capital Markets. The expected closing date is January 30, 2014.

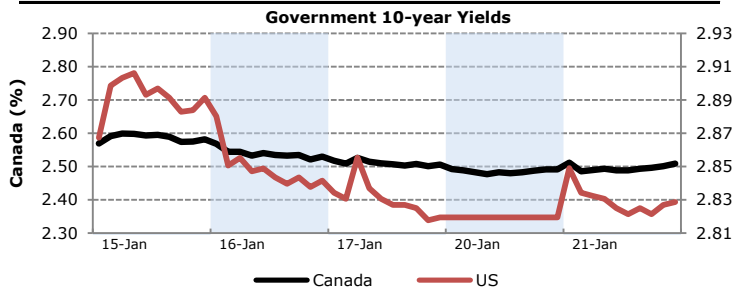
The Daily Roll is written by MFE Candidates **Luke Ostapiak, Wendy Ren and Tony Wu** in partnership with the **Rotman Finance Association**. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

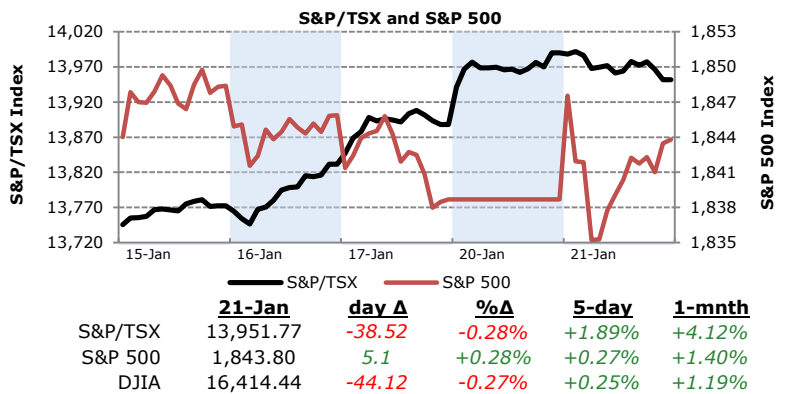
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

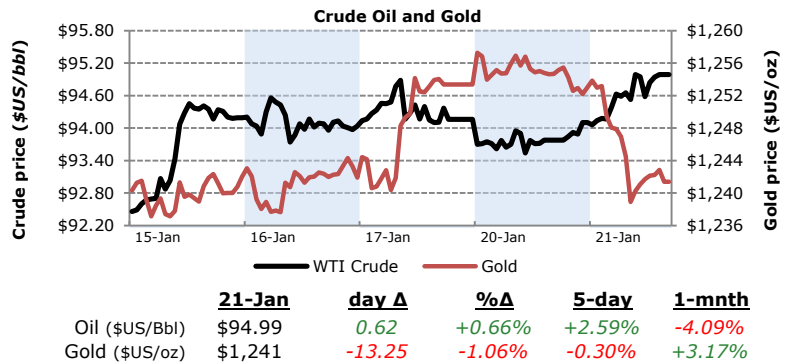
Interest Rates



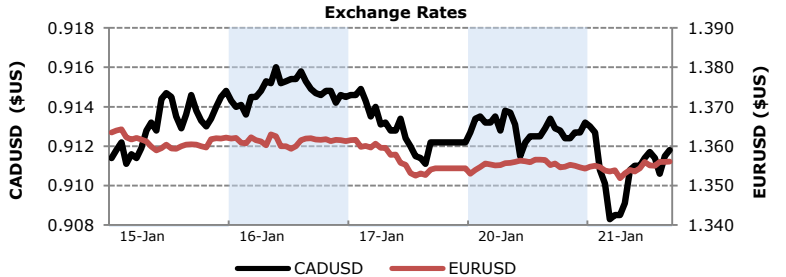
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	21-Jan	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.097		+0.002	1.095	1.066	0.999
EURUSD	\$1.356		+0.001	1.368	1.366	1.332
USDJPY	¥104.30		+0.120	104.220	104.25	88.61

	Government 10-year Yields		Historical levels		
	21-Jan	day Δ	-1 mnth	-3 mnths	-1 year
Canada	2.51%	0.017%	2.67%	2.43%	1.94%
United States	2.83%	0.009%	2.89%	2.50%	1.84%

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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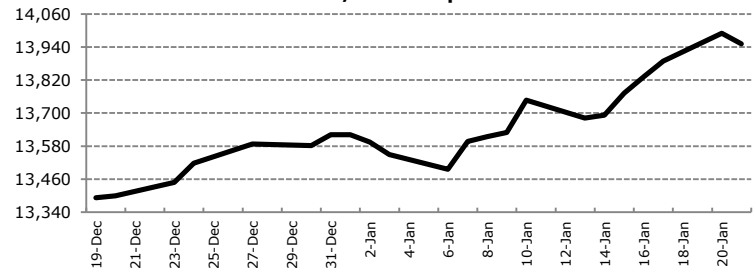


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S&P/TSX Composite

	21-Jan	day Δ	%Δ
S&P/TSX	13,951.77	-38.52	-0.28%

Trailing	S&P/TSX	TSX 60
5-day	+1.89%	+1.80%
1-month	+4.12%	+4.10%
3-months	+5.80%	+5.92%
6-months	+9.99%	+9.93%
12-months	+9.05%	+9.12%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.03%	+1.60%	+3.83%	+36.11%
C. Staples	-0.30%	+1.58%	+2.08%	+24.20%
Energy	+0.02%	+1.81%	+1.89%	+7.71%
Financials	-0.12%	+1.80%	+1.84%	+18.76%
Healthcare	-1.52%	+0.75%	+13.84%	+46.23%
Info Tech	-0.05%	+4.72%	+6.71%	+25.19%
Industrials	-0.38%	-0.04%	+0.23%	+25.33%
Materials	-0.88%	+5.14%	+14.59%	-23.79%
Metals & Mining	-0.59%	+8.57%	+14.72%	-17.02%
Telecom	-0.28%	+0.38%	+2.98%	+6.01%
Utilities	-0.10%	+0.45%	+2.27%	-11.30%

TSX Top Performers

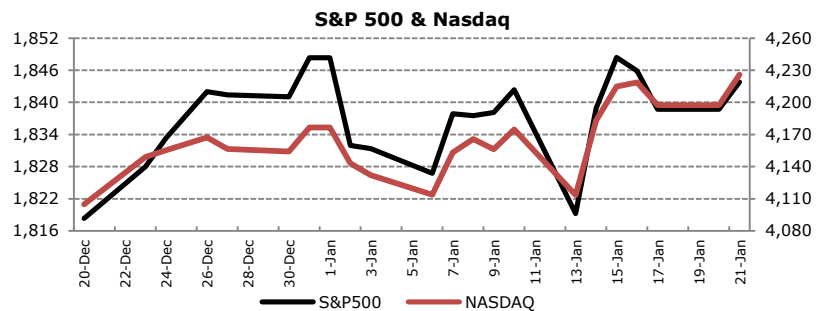
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Oceanagold Corp	+9.84%	+13.56%	+34.00%	-29.47%
China Gold International	+7.03%	+10.56%	+22.26%	-8.97%
Fortuna Silver Mines Inc	+6.57%	+19.55%	+55.72%	-5.59%
Pretium Resources Inc	+5.19%	+18.17%	+34.28%	-41.26%
Raging River Exploration	+3.65%	+11.46%	+14.75%	NA

TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Argonaut Gold Inc	-8.92%	-5.35%	+5.36%	-45.93%
Detour Gold Corp	-4.69%	+14.34%	+66.67%	-73.26%
Bombardier Inc-B	-3.89%	-11.04%	-14.50%	-5.95%
Teck Resources Ltd-Cls B	-3.37%	+6.96%	+6.88%	-23.79%
Centerra Gold Inc	-3.01%	-1.74%	+11.91%	-52.77%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
21-Jan	1,843.80	16,414.44	4,225.76
1-day	+0.28%	-0.27%	+0.67%
5-day	+0.27%	+0.25%	+1.02%
1-month	+1.40%	+1.19%	+2.95%
3-months	+5.68%	+6.64%	+7.80%
6-months	+8.97%	+5.60%	+17.79%
12-months	+24.08%	+20.25%	+34.81%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.18%	-0.88%	-0.95%	+30.43%
C. Staples	+0.34%	-0.43%	-0.94%	+15.29%
Energy	+0.51%	+0.21%	-0.03%	+13.28%
Financials	+0.08%	+0.29%	+1.52%	+27.88%
Healthcare	+0.52%	+0.56%	+4.41%	+35.81%
Info Tech	+0.50%	+1.03%	+3.16%	+24.87%
Industrials	+0.02%	-0.15%	+0.96%	+29.44%
Materials	+0.56%	+1.13%	+2.55%	+17.29%
Telecom	-0.71%	+0.61%	-1.34%	+3.19%
Utilities	+1.15%	+1.57%	+1.64%	+7.79%

DJIA Top Performers

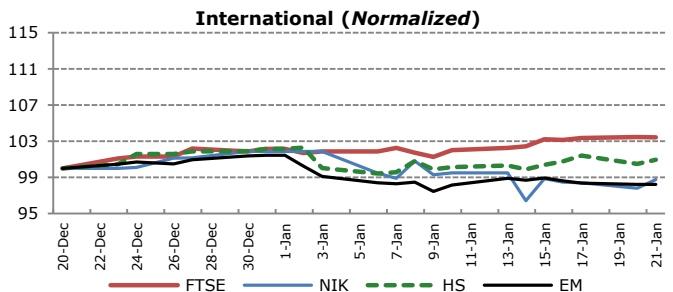
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Coca-Cola Co/The	+1.63%	+0.58%	-0.30%	+5.89%
Chevron Corp	+0.90%	+0.66%	-1.97%	+4.44%
Unitedhealth Group Inc	+0.88%	-1.16%	-0.26%	+34.09%

DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Goldman Sachs Group Inc	-1.75%	-1.93%	-1.12%	+19.90%
Travelers Cos Inc/The	-1.70%	-2.80%	-4.69%	+11.39%
Verizon Communications In	-1.34%	+1.32%	-0.79%	+12.13%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,834.26	15,795.96	23,033.12	970.75
1-day	-0.04%	+0.99%	+0.45%	-0.01%
5-day	+1.00%	+2.42%	+1.06%	-0.46%
1-month	+3.45%	-0.47%	+0.97%	-1.77%
3-months	+2.71%	+7.50%	-1.73%	-6.90%
6-months	+3.07%	+8.27%	+7.82%	+2.13%
12-months	+10.57%	+46.97%	-2.36%	-10.18%



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Nymex WTI Crude Oil

(\$US/Bbl)	21-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$94.99	+\$0.62	+0.66%	+2.59%	-4.09%
Cal 14	\$92.99	+\$0.36	+0.39%	+2.61%	-2.22%
Cal 15	\$86.01	+\$0.22	+0.26%	+1.73%	-2.90%

(\$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	\$94.72	\$93.00	\$90.59	\$88.61	\$86.01

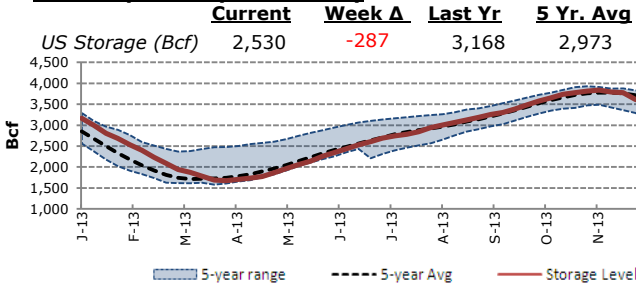
Inventory Levels (as of Jan-10)

(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

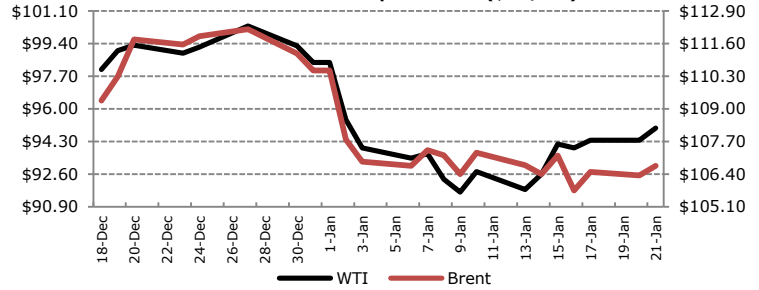
Nymex Natural Gas

(\$US/MMbtu)	21-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.43	+\$0.17	+4.04%	+1.42%	+0.29%
Feb14-Mar14	\$4.26	+\$0.10	+2.39%	+1.52%	+1.50%
Apr14-Oct14	\$4.20	+\$0.10	+2.39%	+1.81%	+2.14%
Nov14-Mar15	\$4.36	+\$0.09	+2.05%	+1.55%	+3.51%
Apr15-Oct15	\$4.03	+\$0.05	+1.35%	+0.65%	-3.65%

Inventory Levels (as of Jan-10)



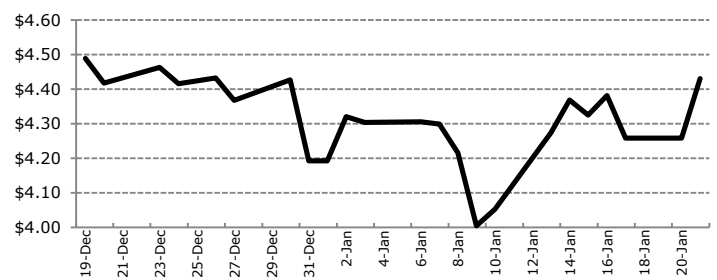
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	21-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$106.73	+\$0.38	+0.36%	+0.32%	-3.23%

Nat Gas Prompt (\$US/MMbtu)



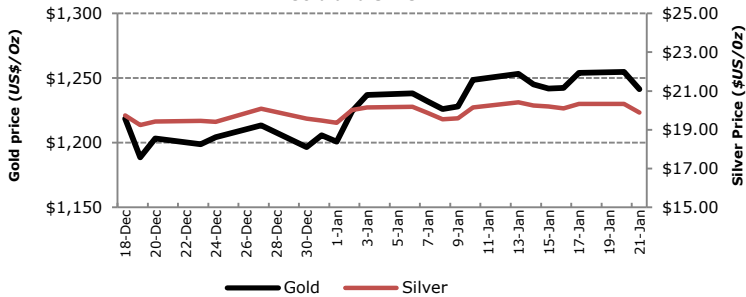
Alberta Natural Gas

(\$CAD/GJ)	21-Jan	day Δ	%Δ
AECO Feb-14	\$3.97	+\$0.11	+2.9%

Precious Metals

\$US/oz	21-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,241.41	-\$13.25	-1.1%	-0.3%	+3.2%	-8.2%
Silver	\$19.88	-\$0.44	-2.2%	-1.8%	+2.3%	-11.7%
Platinum	\$1,451	-\$18.00	-1.2%	+1.3%	+8.6%	-1.3%

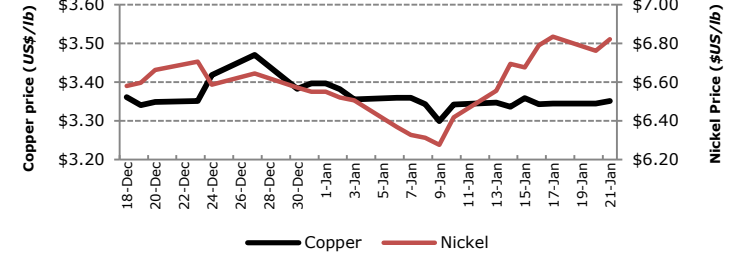
Gold and Silver



Industrial Metals

\$US/lb	21-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.35	+\$0.01	+0.2%	+0.4%	+0.1%	+2.5%
Nickel	\$6.82	+\$0.06	+0.9%	+1.9%	+2.4%	+1.2%
Zinc	\$1.03	-\$0.00	-0.3%	-1.2%	+2.1%	+8.9%
Aluminum	\$0.79	-\$0.01	-1.3%	+1.3%	0.0%	-3.7%
Uranium	\$35.90	-\$0.15	-0.4%	+2.4%	+4.1%	+3.5%

Copper and Nickel



Agriculture & Other

	21-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.25	+\$0.01	+0.2%	-1.5%	-2.1%
Wheat (\$US/bu)	\$5.62	-\$0.01	-0.2%	-2.9%	-7.8%
Soybeans (\$US/bu)	\$12.81	-\$0.36	-2.7%	-2.0%	-3.0%
Rough Rice (\$US/cwt)	\$15.45	-\$0.15	-1.0%	-0.2%	+1.1%
Sugar #11 (¢US/lb)	¢15.22	+¢0.00	+0.0%	-1.7%	-6.2%
Lean Hogs (¢US/lb)	¢92.38	+¢0.47	+0.5%	+1.9%	+1.6%
Live Cattle (¢US/lb)	¢140.23	+¢0.92	+0.7%	+1.8%	+4.1%
Cotton No.2 (\$US/lb)	\$0.88	+\$0.01	+1.5%	+5.3%	+7.2%
Lumber (\$US/Mbft)	\$366.40	-\$3.40	-0.9%	-0.7%	-4.1%

Commodity ETFs

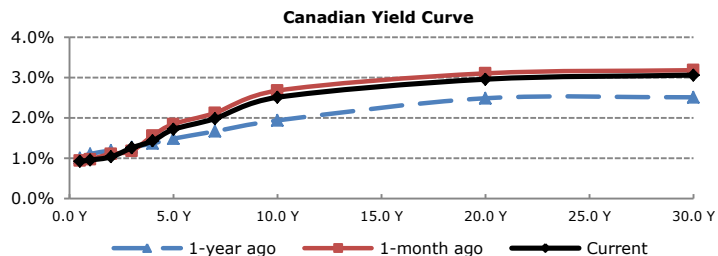
	21-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.31	+\$0.11	+2.6%	+5.6%	-7.7%
HBP Nat Gas U	\$13.43	+\$0.85	+6.8%	+2.5%	-4.1%
iShares Gold ETF	\$11.02	-\$0.07	-0.6%	-0.1%	+4.1%
\$USD					
US Crude Oil	\$33.99	+\$0.30	+0.9%	2.88%	-3.9%
US Nat Gas	\$21.54	+\$0.66	+3.2%	1.51%	-2.3%
PSDB Agriculture	\$24.12	-\$0.04	-0.2%	-0.86%	-2.2%
PSDB Base Metals	\$16.84	+\$0.02	+0.1%	1.57%	+2.2%

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Interest Rates

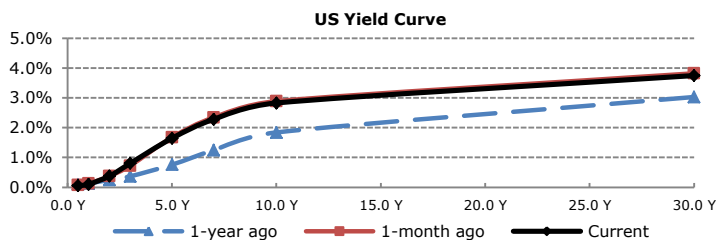
Canadian yield curve

	21-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.90%	0.91%	0.91%
6-mnth	0.92%	-	0.94%	0.93%	1.00%
12-mnth	0.95%	+0.00%	0.97%	1.01%	1.10%
2-year	1.03%	+0.01%	1.11%	1.11%	1.19%
5-year	1.71%	+0.03%	1.85%	1.74%	1.48%
10-year	2.51%	+0.02%	2.67%	2.43%	1.94%
20-year	2.96%	+0.00%	3.10%	2.95%	2.48%
30-year	3.06%	+0.00%	3.18%	3.03%	2.51%

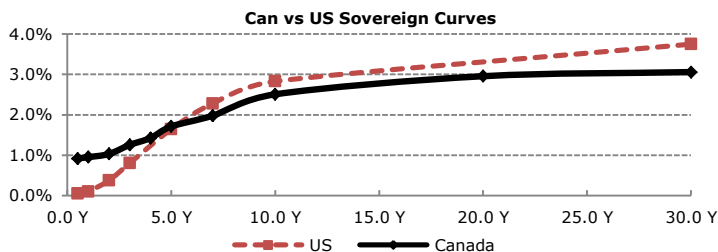
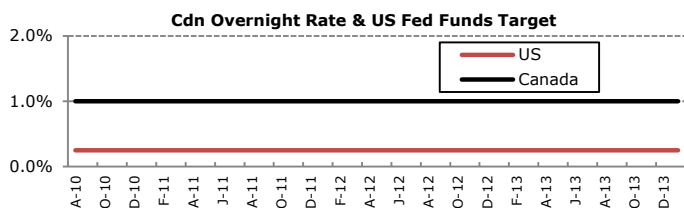


US yield curve

	21-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.04%	+0.01%	0.06%	0.03%	0.07%
6-mnth	0.06%	-	0.08%	0.07%	0.10%
12-mnth	0.10%	-	0.13%	0.10%	0.13%
2-year	0.38%	+0.00%	0.38%	0.31%	0.25%
5-year	1.65%	+0.02%	1.68%	1.28%	0.76%
10-year	2.83%	+0.01%	2.89%	2.50%	1.84%
30-year	3.75%	-	3.82%	3.59%	3.03%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	22-Jan-14	1.00%
US Fed Funds	0.25%	0.25%	29-Jan-14	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

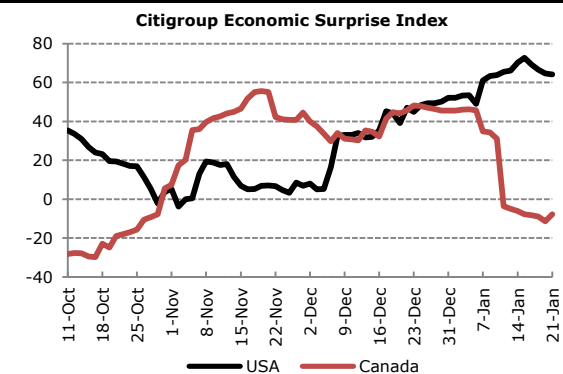
	Spot	21-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.097	+0.002		1.066	1.030	0.999
EURUSD	\$1.356	+0.001		1.366	1.368	1.332
USDJPY	¥104.30	+0.120		104.25	98.19	88.61
GBPUSD	\$1.648	+0.005		1.637	1.615	1.585
AUDUSD	\$0.881	-0.000		0.887	0.965	1.056

	Spot	21-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥95.10	-0.055		97.74	95.29	88.68
CADAUD	\$1.035	-0.001		1.058	1.005	0.948
GBPCAD	£1.807	+0.008		1.746	1.664	1.583
EURJPY	¥141.43	+0.250		142.40	134.32	118.03
EURAUD	\$1.54	+0.002		1.54	1.42	1.26

Economic Releases

United States

		Period	Survey	Actual	Prior
Thu, Jan 23	Leading Indicators	31-Dec	0.2%	--	0.8%
Thu, Jan 23	Existing Home Sales	31-Dec	4.93M	--	4.9M
Thu, Jan 23	Continuing Claims	11-Jan	2930K	--	3030K
Thu, Jan 23	Initial Jobless Claims	18-Jan	330K	--	326K

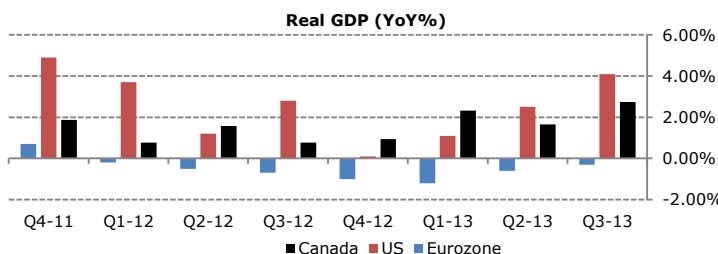


Canada

		Period	Survey	Actual	Prior
Tue, Jan 21	Manufacturing Sales (MoM)	30-Nov	0.3%	1%	1%
Thu, Jan 23	Retail Sales (MoM)	30-Nov	0.2%	--	-0.1%
Fri, Jan 24	BOC CPI Core (YoY)	31-Dec	1.3%	--	1.1%
Fri, Jan 24	Consumer Price Index	31-Dec	1.3%	--	0.9%

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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