

Today's Commentary

The S&P 500 equities index was up slightly Wednesday +0.06% to 1,844.86 and the Canadian TSX gained +0.26% and now stands at 13,988.20. US 10 year rates are also unchanged at 2.83%, while Canadian 10 year rates are -5bps cheaper yielding 2.45%. These moves come ahead of strong data releases from both countries this morning as Canadian Retail Sales beat expectations at 0.6% m/m (expected 0.2%) and US Initial Jobless Claims for the week of Jan-18th were 326k (expected 330k). Later on this morning we will still see US Flash Manufacturing at 8:58am EST, followed by the FHFA House Price Index, Existing Home Sales, and the Leading Indicator all to be released at 10:00am EST.

The Bank of Canada kept its benchmark interest rate at 1% on Wednesday. The last time the central bank changed its target for the overnight rate was in late 2010. The Canadian dollar dropped to its lowest levels in 4 years against the greenback, after the tone from the statements yesterday suggested the bank is in no rush to raise rates in the near future. The bank expects inflation to remain lower than previously anticipated, estimating it will return to the 2% target in about 2 years. Inflation in Canada has moved further below the 2% target, due to heightened competition in the retail sector. BoC Governor Stephen Poloz said recently that he's very concerned about disinflation in the economy, which gives reason to the low Canadian dollar. Statistics Canada will be releasing its December inflation numbers on Friday.

Data from China continued to disappoint as manufacturing PMI unexpectedly fell. HSBC holdings and Markit Economics' preliminary reading of 49.6 for the Purchasing Managers' Index showed economic contraction. This survey by 19 economists is a drop from December's final figure of 50.5. "Growth in China isn't going to pick up as the government is focused on rebalancing the economy and reducing reliance on credit," Manpreet Gill, a Singapore-based senior investment strategist at Standard Chartered Bank said. "While Chinese equities look inexpensive, they lack catalysts. Ongoing reforms in China will be a key challenge for markets this year." The continued slowdown in the Chinese economy creates roadblocks for the government to curb misallocation of resource in the economy while maintaining growth of 7.5%.

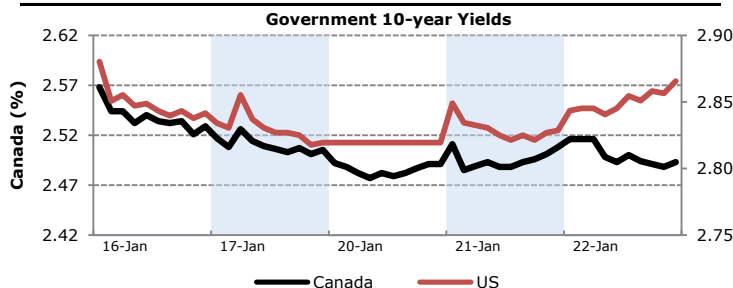
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Initial Claims	18-Jan	330k	--	326k
Flash Manufacturing PMI	Jan	55	--	55
Leading Indicators	31-Dec	0.2%	--	0.8%
Existing Home Sales	31-Dec	4.92M	--	4.9M

Canada	Period	Survey	Actual	Prior
Retail Sales (MoM)	30-Nov	0.2%	--	-0.1%

Interest Rates



Master of Financial Economics Program



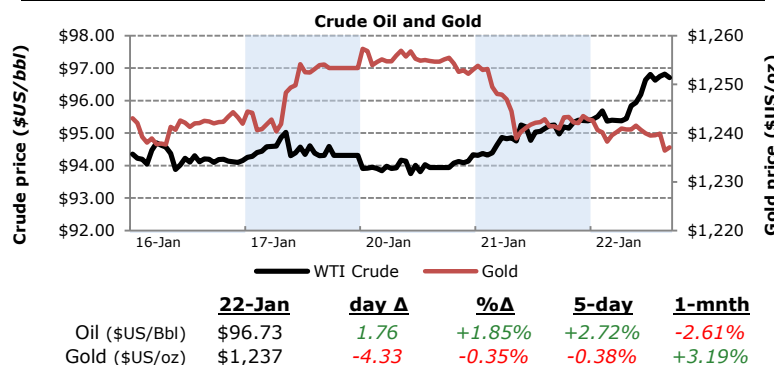
The Master of Financial Economics Program at the University of Toronto is a collaborative program of the Department of Economics and the Rotman School of Management. The program's key objective is to provide a broad understanding of Financial Theory and the Economics framework upon which that theory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

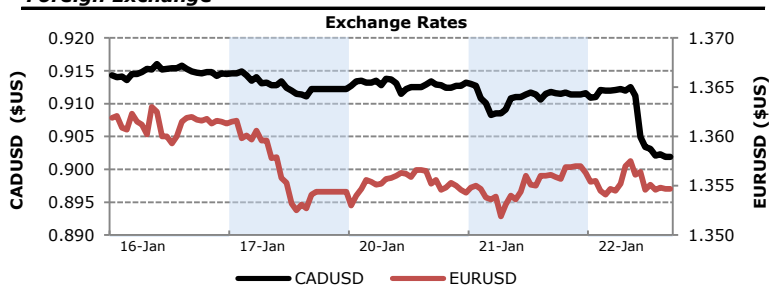
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	22-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.109	+0.012	1.093	1.064	1.003
EURUSD	\$1.355	-0.001	1.361	1.367	1.338
USDJPY	¥104.52	+0.220	104.560	104.10	90.33

Government 10-year Yields

	22-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.49%	-0.015%	2.67%	2.43%	1.91%
United States	2.87%	0.037%	2.93%	2.52%	1.84%

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.

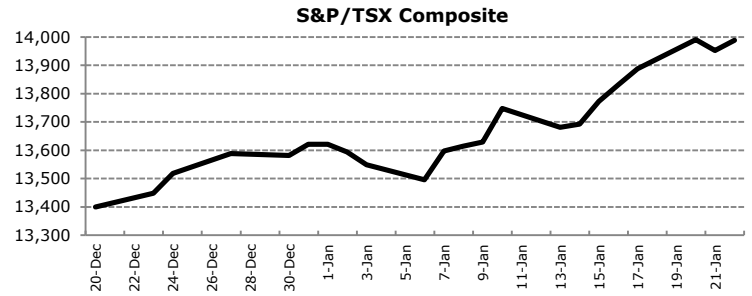
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	22-Jan	day Δ	%Δ
S&P/TSX	13,988.20	36.43	+0.26%
Trailing S&P/TSX TSX 60			
5-day	+1.57%	+1.62%	
1-month	+4.39%	+4.51%	
3-months	+5.59%	+5.94%	
6-months	+9.64%	+9.73%	
12-months	+9.07%	+9.31%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.40%	+1.69%	+4.24%	+36.88%
C. Staples	+0.14%	+0.79%	+2.22%	+24.45%
Energy	+0.69%	+2.11%	+2.60%	+7.99%
Financials	+0.31%	+1.55%	+2.16%	+18.87%
Healthcare	+0.79%	+1.90%	+14.74%	+47.88%
Info Tech	+2.13%	+5.39%	+8.99%	+27.65%
Industrials	+0.35%	-0.79%	+0.58%	+26.06%
Materials	-1.22%	+2.10%	+13.20%	-25.48%
Metals & Mining	-1.48%	+3.14%	+13.02%	-18.57%
Telecom	-0.12%	+0.40%	+2.86%	+6.23%
Utilities	-0.07%	+0.36%	+2.20%	-11.44%

TSX Top Performers

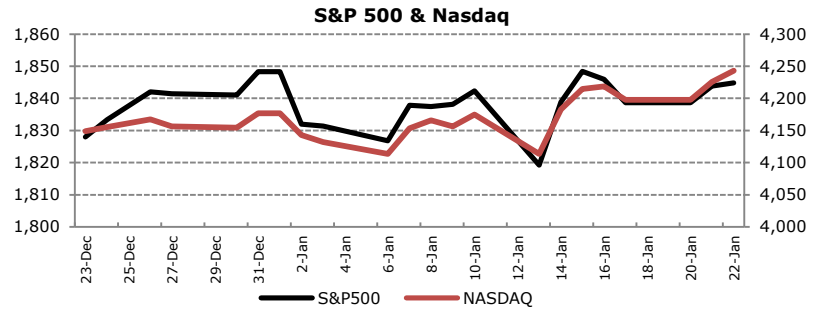
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Gran Tierra Energy Inc		+10.14%	+11.57%	+16.10%	+60.98%
Blackberry Ltd		+9.93%	+27.78%	+54.52%	-32.58%
Air Canada-Class B		+8.04%	+7.68%	+27.40%	+302.92%
Transcontinental Inc-CI A		+3.85%	+2.88%	+2.66%	+36.62%
Talisman Energy Inc		+2.92%	+6.09%	+7.14%	+8.77%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Torex Gold Resources Inc		-16.48%	+4.59%	+18.75%	-44.12%
Iamgold Corp		-10.89%	-4.07%	+19.70%	-61.65%
Penn West Petroleum Ltd		-8.97%	-9.47%	-8.27%	-17.80%
Horizon North Logistics I		-7.75%	-9.79%	-11.62%	+44.00%
Just Energy Group Inc		-7.59%	-7.15%	+7.91%	-11.42%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing 22-Jan	1,844.86	16,373.34	4,243.00
1-day	+0.06%	-0.25%	+0.41%
5-day	-0.19%	-0.66%	+0.67%
1-month	+1.46%	+0.94%	+3.37%
3-months	+5.14%	+5.86%	+7.98%
6-months	+8.81%	+5.32%	+17.85%
12-months	+23.60%	+19.41%	+34.99%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.27%	-0.85%	-0.69%	+30.49%
C. Staples	-0.13%	-0.58%	-1.07%	+15.19%
Energy	+0.32%	+0.85%	+0.29%	+12.66%
Financials	+0.10%	-0.79%	+1.62%	+26.87%
Healthcare	+0.07%	+0.77%	+4.48%	+35.52%
Info Tech	-0.01%	-0.13%	+3.15%	+24.66%
Industrials	+0.23%	-0.61%	+1.19%	+29.25%
Materials	-0.92%	-0.43%	+1.62%	+15.18%
Telecom	-0.73%	-1.58%	-2.06%	+1.73%
Utilities	+0.11%	+1.90%	+1.75%	+7.04%

DJIA Top Performers

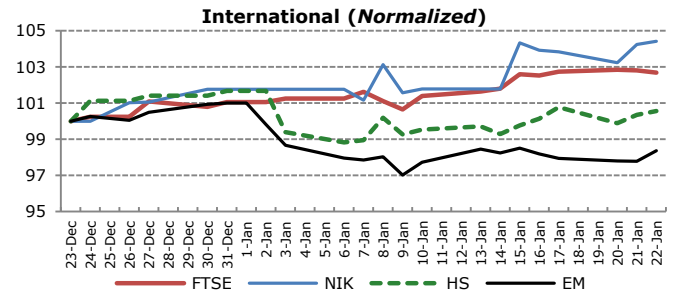
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Boeing Co/The		+1.91%	+2.67%	+5.63%	+98.55%
Walt Disney Co/The		+1.50%	+1.39%	+4.02%	+44.59%
United Technologies Corp		+0.98%	+1.80%	+4.93%	+35.72%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Intl Business Machines Co		-3.28%	-2.92%	+1.24%	-5.25%
General Electric Co		-1.14%	-4.94%	-5.01%	+21.90%
Du Pont (E.I.) De Nemours		-1.11%	-1.11%	+0.75%	+36.07%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing Last Close	6,826.33	15,820.96	23,082.25	976.47
1-day	-0.12%	+0.16%	+0.21%	+0.59%
5-day	+0.09%	+0.08%	+0.79%	-0.14%
1-month	+3.33%	-0.31%	+1.18%	-1.19%
3-months	+1.95%	+7.53%	-1.00%	-6.53%
6-months	+3.07%	+7.93%	+7.78%	+2.36%
12-months	+10.47%	+47.72%	-2.44%	-9.51%



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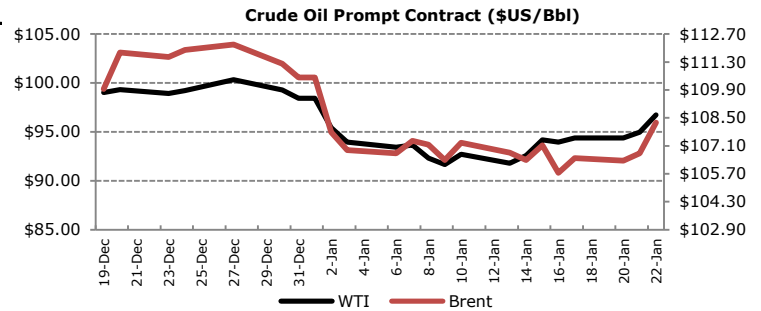
Nymex WTI Crude Oil

(\$US/Bbl)	22-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$96.73	+\$1.76	+1.85%	+2.72%	-2.61%
Cal 14	\$93.68	+\$1.25	+1.35%	+1.98%	-2.16%
Cal 15	\$86.23	+\$0.75	+0.88%	+1.19%	-2.89%

(\$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	\$95.76	\$93.31	\$90.94	\$88.80	\$86.23

Inventory Levels (as of Jan-10)

(MBbls)	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



UK Brent Crude Oil

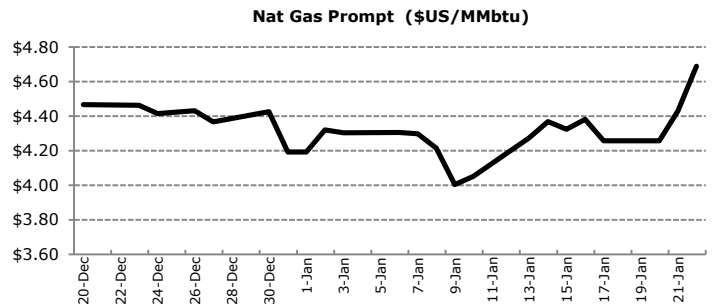
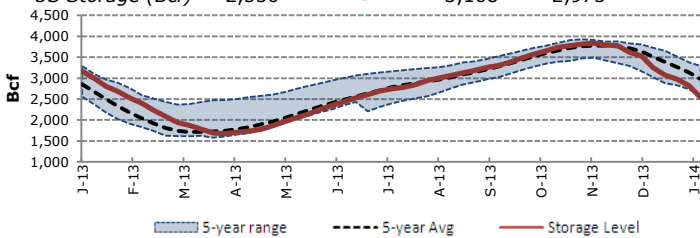
(\$US/Bbl)	22-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$108.27	+\$1.54	+1.42%	+1.06%	-3.13%

Nymex Natural Gas

(\$US/MMbtu)	22-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.69	+\$0.26	+5.82%	+8.42%	+5.06%
Feb14-Mar14	\$4.40	+\$0.14	+3.25%	+5.64%	+5.06%
Apr14-Oct14	\$4.28	+\$0.08	+1.80%	+4.29%	+4.44%
Nov14-Mar15	\$4.42	+\$0.06	+1.33%	+3.41%	+5.36%
Apr15-Oct15	\$4.05	+\$0.02	+0.48%	+1.50%	-2.75%

Inventory Levels (as of Jan-10)

	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	2,530	-287	3,168	2,973



Nat Gas Prompt (\$US/MMbtu)

Alberta Natural Gas

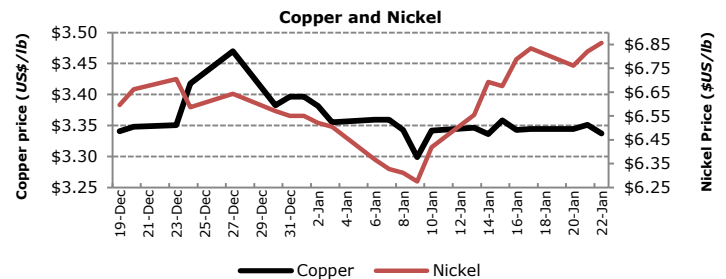
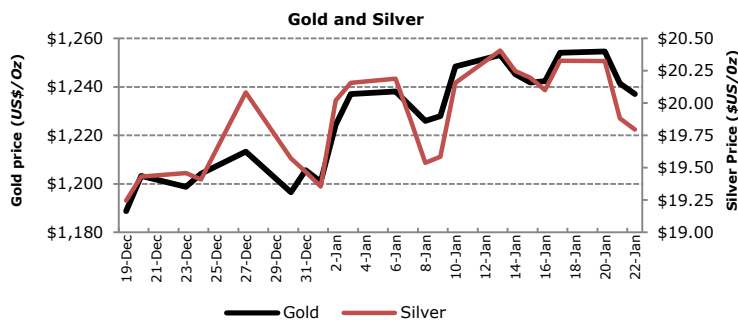
(\$CAD/GJ)	22-Jan	day Δ	%Δ
AECO Feb-14	\$4.24	+\$0.27	+6.8%

Precious Metals

\$US/oz	22-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	###	-\$4.33	-0.3%	-0.4%	+3.2%	-8.0%
Silver	\$19.79	-\$0.09	-0.4%	-2.0%	+1.7%	-12.2%
Platinum	\$1,458	+\$7.00	+0.5%	+2.0%	+9.6%	-0.3%

Industrial Metals

\$US/lb	22-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.34	-\$0.01	-0.4%	-0.6%	-0.4%	+1.8%
Nickel	\$6.86	+\$0.04	+0.5%	+2.7%	+2.3%	+1.2%
Zinc	\$1.03	+\$0.00	+0.2%	+0.9%	+0.1%	+7.7%
Aluminum	\$0.79	+\$0.00	0.0%	+1.3%	+1.3%	-6.0%
Uranium	\$35.90	+\$0.00	0.0%	+2.4%	+4.1%	+3.3%



Agriculture & Other

	22-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.26	+\$0.01	+0.3%	+0.1%	-1.9%
Wheat (\$US/bu)	\$5.61	-\$0.01	-0.2%	-1.1%	-7.4%
Soybeans (\$US/bu)	\$12.80	-\$0.01	-0.1%	-2.9%	-3.3%
Rough Rice (\$US/cwt)	\$15.51	+\$0.06	+0.4%	-0.9%	+0.7%
Sugar #11 (¢US/lb)	¢15.03	-¢0.19	-1.2%	-1.3%	-7.3%
Lean Hogs (¢US/lb)	¢92.98	+¢0.60	+0.6%	+1.6%	+2.1%
Live Cattle (¢US/lb)	¢141.80	+¢1.58	+1.1%	+2.1%	+5.2%
Cotton No.2 (\$US/lb)	\$0.88	-\$0.00	-0.3%	+3.6%	+5.6%
Lumber (\$US/Mbft)	\$367.20	+\$0.80	+0.2%	+0.5%	-3.8%

Commodity ETFs

\$CAD	22-Jan	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.46	+\$0.15	+3.5%	+4.7%	-5.3%
HBP Nat Gas U	\$14.63	+\$1.20	+8.9%	+13.0%	+4.3%
iShares Gold ETF	\$10.97	-\$0.05	-0.5%	-0.4%	+2.9%

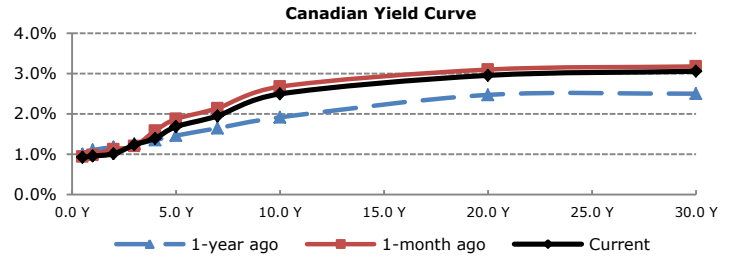
\$USD	22-Jan	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.56	+\$0.57	+1.7%	2.34%	-2.6%
US Nat Gas	\$22.50	+\$0.96	+4.5%	6.74%	+3.3%
PSDB Agriculture	\$24.18	+\$0.06	+0.2%	-0.25%	-1.7%
PSDB Base Metals	\$16.71	-\$0.13	-0.8%	0.18%	-0.2%

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Interest Rates

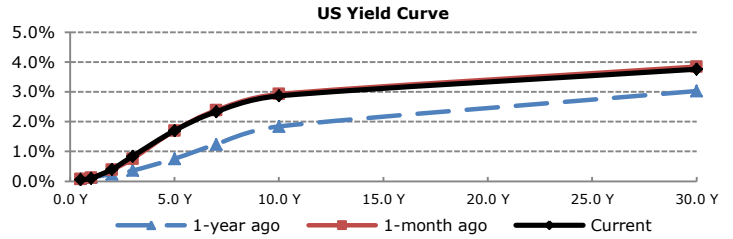
Canadian yield curve

	22-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.90%	-	0.90%	0.90%	0.92%
6-mnth	0.92%	-	0.94%	0.93%	1.00%
12-mnth	0.95%	-0.00%	0.98%	1.00%	1.10%
2-year	1.01%	-0.02%	1.12%	1.10%	1.18%
5-year	1.68%	-0.03%	1.87%	1.72%	1.46%
10-year	2.49%	-0.02%	2.67%	2.43%	1.91%
20-year	2.95%	-0.00%	3.10%	2.94%	2.47%
30-year	3.05%	-0.00%	3.17%	3.03%	2.50%

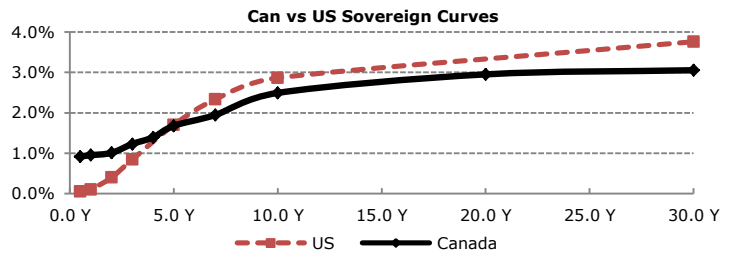
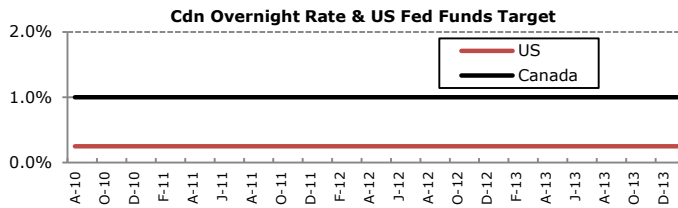


US yield curve

	22-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.03%	-0.01%	0.06%	0.03%	0.06%
6-mnth	0.06%	-	0.08%	0.07%	0.09%
12-mnth	0.10%	-	0.12%	0.10%	0.13%
2-year	0.40%	+0.02%	0.38%	0.30%	0.24%
5-year	1.70%	+0.06%	1.70%	1.30%	0.76%
10-year	2.87%	+0.04%	2.93%	2.52%	1.84%
30-year	3.76%	+0.01%	3.85%	3.61%	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	22-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.109	+0.012		1.064	1.029	1.003
EURUSD	\$1.355	-0.001		1.367	1.378	1.338
USDJPY	¥104.52	+0.220		104.10	98.14	90.33
GBPUSD	\$1.658	+0.010		1.634	1.624	1.579
AUDUSD	\$0.885	+0.005		0.892	0.971	1.045

	Spot	22-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥94.26	-0.836		97.87	95.41	90.09
CADAUD	\$1.019	-0.017		1.054	1.001	0.954
GBPCAD	£1.838	+0.031		1.738	1.670	1.583
EURJPY	¥141.60	+0.170		142.32	135.25	120.83
EURAUD	\$1.53	-0.010		1.53	1.42	1.28

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	4.92M	--	4.9M
Thu, Jan 23	Initial Jobless Claims	11-Jan	330K	--	326K

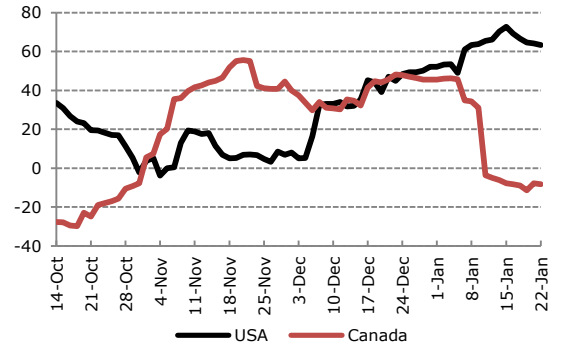
Canada

		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%

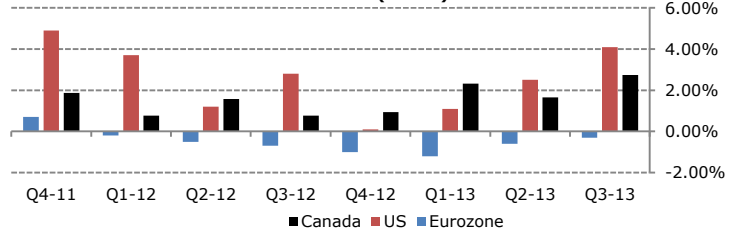
Economics

	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%

Citigroup Economic Surprise Index



Real GDP (YoY%)



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