

## Today's Commentary

Stocks continued to tumble Friday as the S&P fell -2.09%, ending the week at 1,790.29 and the TSX was down -1.54% to 13,717.76. This morning US 10 year bonds gained modestly yielding 2.75% (-4bps) and Canadian 10 years sold off slightly to 2.42% (+2bps). Data is light to start the week, with only New Home Sales in the US for North American markets to watch this morning at 10am EST. However, all eyes will be on the FOMC as their first meeting of the year begins tomorrow, with a statement released the following morning.

Emerging market stocks slumped for the third day in a row. The MSCI Emerging Market Index dropped 1.6% headed to the lowest levels since Sept 30th. Investors' confidence in emerging markets has been shaken by the combination of weaker Chinese manufacturing, political turmoil from Turkey to Thailand and the devaluation of Argentina's peso. Additionally, this comes at a time when the Fed is scaling back its bond-buying program which has fueled inflows into emerging markets over the past five years. Currently, countries faced with political turmoil, high current account deficits and high dependence on rising commodity prices are vulnerable. Emerging-market equity funds extended their longest outflow streak since 2002 in the third week of 2014, according to an Emerging Portfolio Fund Research (EPFR) Global report.

ICAP Inc, the major swap broker that sets benchmark mid yields for the interest rate swap market is about to be stripped of this function. The International Swaps & Derivatives Association picked Thomson Reuters to handle data collection from the banks, which is then used to calculate to dollar denominated version of ISDAFIX, a measure used in the 426 trillion USD market. The ISDA spokesperson said that the shift away from the London based broker, ICAP, will happen this week and Reuters will start collecting data. US regulators have found evidence that the swap rates which were set daily based on the data from banks, were rigged at the expense of buy-side clients and other institutional investors. ICAP has long been the dominant player in the swap market brokerage business. The move from regulators may materially impact the top line of the company going forward.

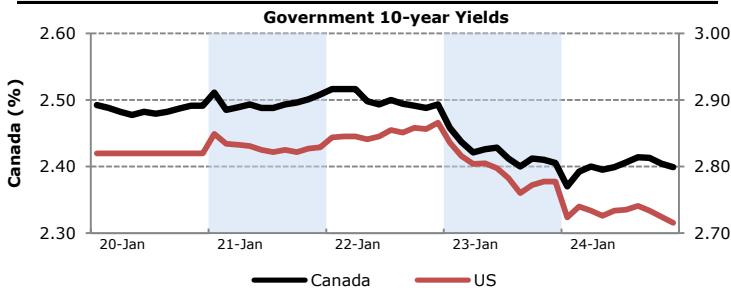
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

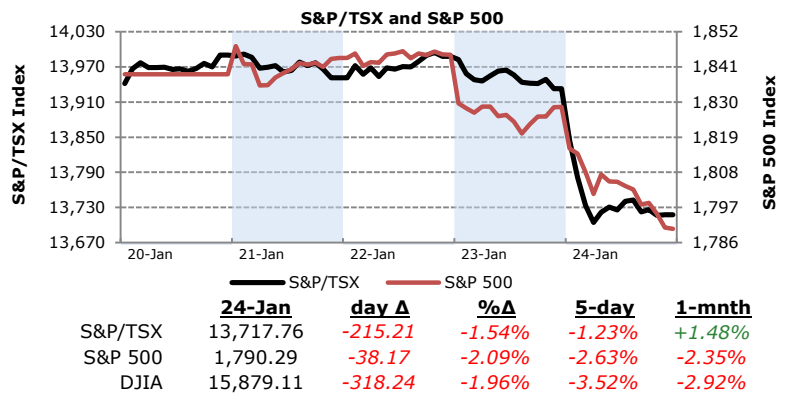
United States	Period	Survey	Actual	Prior
New Home Sales	31-Dec	457K	--	464K
Durable Goods Orders	31-Dec	1.8%	--	3.5%
Consumer Confidence	31-Jan	78	--	78.1

Canada	Period	Survey	Actual	Prior
None Scheduled				

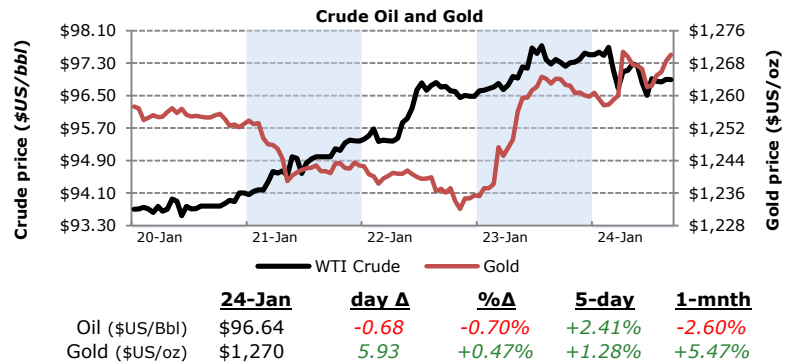
## Interest Rates



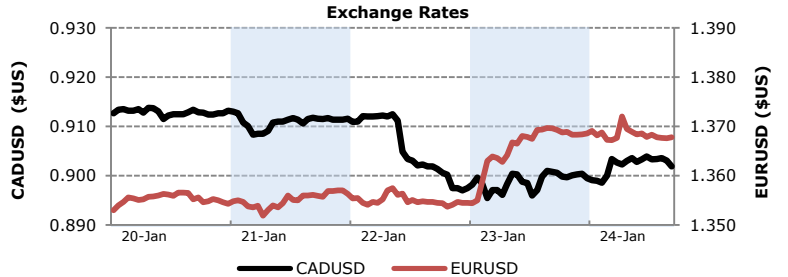
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	24-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.109	-0.001	1.096	1.063	1.006
EURUSD	\$1.368	-0.002	1.354	1.368	1.346
USDJPY	¥102.31	-0.950	104.320	104.25	90.86

Government 10-year Yields

	24-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.40%	-0.006%	2.72%	2.42%	1.89%
United States	2.72%	-0.062%	2.98%	2.51%	1.85%

## 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>

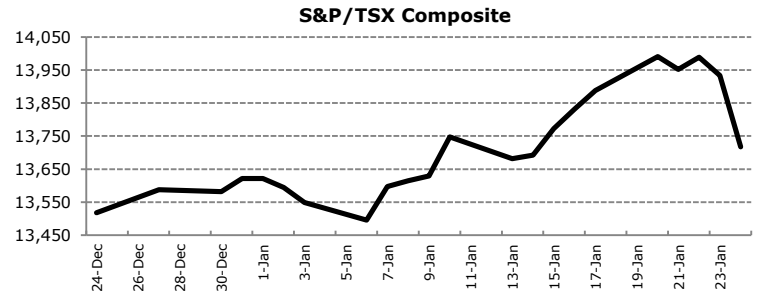
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	<b>24-Jan</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	13,717.76	-215.21	-1.54%

	<b>Trailing S&amp;P/TSX</b>	<b>TSX 60</b>
5-day	-1.23%	-1.31%
1-month	+1.48%	+1.31%
3-months	+2.95%	+2.91%
6-months	+8.25%	+8.20%
12-months	+6.97%	+6.89%



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.81%	-1.50%	+1.02%	+32.72%
C. Staples	-1.17%	-1.62%	+0.69%	+22.44%
Energy	-1.38%	-0.55%	+0.21%	+5.37%
Financials	-1.61%	-1.64%	-1.35%	+15.48%
Healthcare	-1.77%	-1.43%	+11.96%	+42.83%
Info Tech	+0.47%	+3.00%	+7.44%	+25.26%
Industrials	-2.55%	-2.42%	-2.70%	+21.32%
Materials	-1.92%	-1.49%	+9.47%	-24.26%
Metals & Mining	-1.98%	-4.22%	+5.86%	-20.47%
Telecom	-1.11%	-0.97%	+0.62%	+3.74%
Utilities	+0.38%	+0.70%	+2.28%	-10.93%

### TSX Top Performers

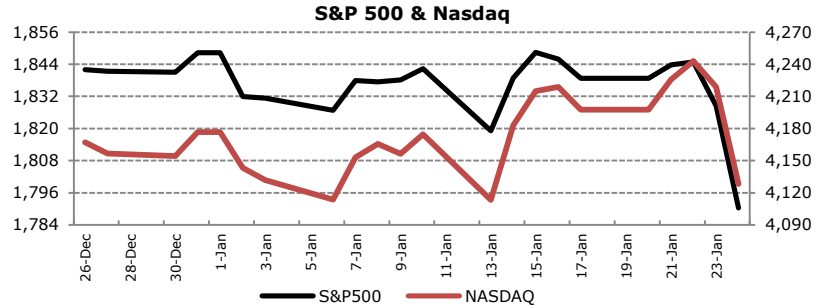
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Open Text Corp		+10.79%	+11.96%	+13.61%	+87.66%
Athabasca Oil Corp		+3.18%	+11.44%	+24.64%	-27.40%
Penn West Petroleum Ltd		+3.17%	-11.14%	-9.66%	-16.51%
Aurico Gold Inc		+1.95%	-1.32%	+39.41%	-27.13%
Paramount Resources Ltd -		+1.94%	+3.37%	+12.53%	+33.36%

### TSX Worst Performers

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Thompson Creek Metals Co		-6.67%	-13.85%	+17.65%	-34.12%
Blackberry Ltd		-5.61%	+9.62%	+32.61%	-38.54%
Oceanagold Corp		-5.14%	+9.73%	+32.68%	-26.98%
Alacer Gold Corp		-4.94%	-4.58%	+13.64%	-41.04%
Fortuna Silver Mines Inc		-4.71%	+6.02%	+43.11%	-3.11%

### US Indices

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
24-Jan	1,790.29	15,879.11	4,128.17
1-day	-2.09%	-1.96%	-2.15%
5-day	-2.63%	-3.52%	-1.65%
1-month	-2.35%	-2.92%	-0.66%
3-months	+2.18%	+2.39%	+5.07%
6-months	+6.19%	+2.17%	+15.32%
12-months	+19.77%	+14.86%	+31.87%



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.92%	-2.52%	-4.01%	+26.09%
C. Staples	-0.90%	-1.62%	-2.80%	+12.82%
Energy	-2.06%	-2.36%	-3.53%	+9.03%
Financials	-2.29%	-3.75%	-3.12%	+21.37%
Healthcare	-2.33%	-2.47%	+0.97%	+30.72%
Info Tech	-2.05%	-1.93%	-0.98%	+22.66%
Industrials	-3.11%	-3.98%	-3.95%	+23.15%
Materials	-2.73%	-4.51%	-4.07%	+10.61%
Telecom	-0.98%	-1.42%	-3.76%	+1.90%
Utilities	-1.12%	-0.18%	+0.30%	+5.33%

### DJIA Top Performers

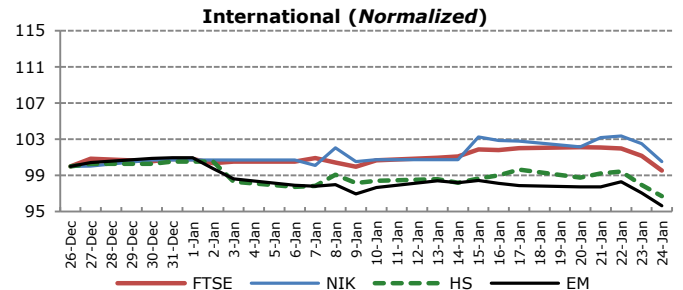
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Microsoft Corp		+2.09%	+1.18%	-0.73%	+37.26%
Procter & Gamble Co/The		+1.20%	-0.13%	-1.88%	+15.87%
Merck & Co. Inc.		+0.74%	+0.06%	+5.20%	+25.41%

### DJIA Worst Performers

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
General Electric Co		-3.37%	-6.13%	-9.63%	+16.81%
3M Co		-3.33%	-5.16%	-4.94%	+33.59%
Boeing Co/The		-3.30%	-2.71%	-0.13%	+85.04%

### International Markets

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	6,663.74	15,391.56	22,450.06	949.90
1-day	-1.62%	-1.94%	-1.25%	-1.46%
5-day	-2.42%	-2.18%	-2.95%	-2.30%
1-month	-0.45%	-3.13%	-3.15%	-4.57%
3-months	-0.74%	+6.25%	-1.69%	-7.85%
6-months	+0.65%	+4.48%	+2.19%	-1.72%
12-months	+6.37%	+44.92%	-4.87%	-11.41%



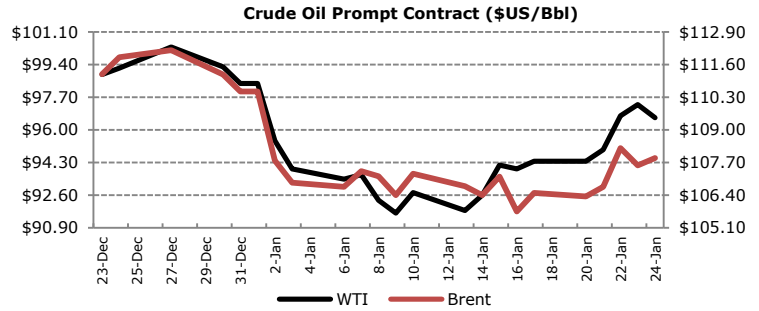
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### Nymex WTI Crude Oil

(\$US/Bbl)	24-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$96.64	-\$0.68	-0.70%	+2.41%	-2.60%
Cal 14	\$93.43	-\$0.28	-0.30%	+1.44%	-1.82%
Cal 15	\$86.21	+\$0.14	+0.16%	+1.10%	-2.78%

(\$US/bbl)	Q2-14	Q3-14	Q4-14	Q1-15	2015
Consensus Forecast	\$94.30	\$96.00	\$95.00	\$96.00	\$94.71
Current Forward	\$95.51	\$92.98	\$90.72	\$88.68	\$86.21



### Inventory Levels (as of Jan-17)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	351,224	+990	337,426	319,411
Motor Gas	235,265	+2,123	214,389	200,481
Distillates	120,738	-3,212	171,756	140,851

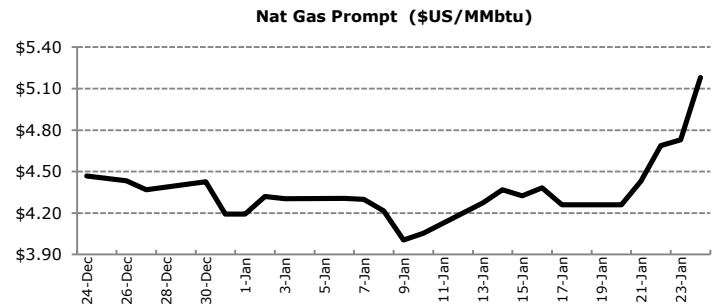
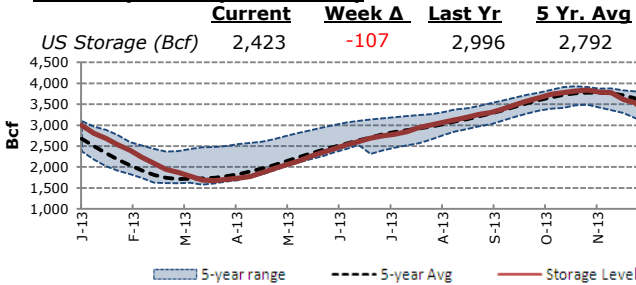
### UK Brent Crude Oil

(\$US/Bbl)	24-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$107.88	+\$0.30	+0.28%	+1.31%	-3.59%

### Nymex Natural Gas

(\$US/MMbtu)	24-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$5.18	+\$0.45	+9.56%	+21.67%	+16.90%
Feb14-Mar14	\$4.65	+\$0.23	+5.13%	+11.72%	+11.44%
Apr14-Oct14	\$4.36	+\$0.07	+1.61%	+6.17%	+7.60%
Nov14-Mar15	\$4.48	+\$0.06	+1.26%	+4.92%	+8.06%
Apr15-Oct15	\$4.04	-\$0.01	-0.28%	+1.41%	-2.10%

### Inventory Levels (as of Jan-17)

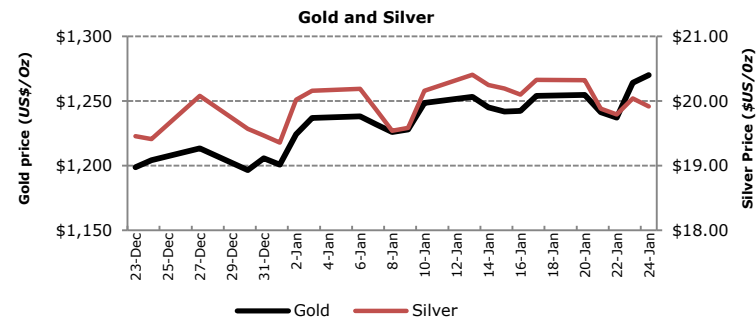


### Alberta Natural Gas

(\$CAD/GJ)	24-Jan	day Δ	%Δ
AECO Feb-14	\$4.45	+\$0.42	+10.5%

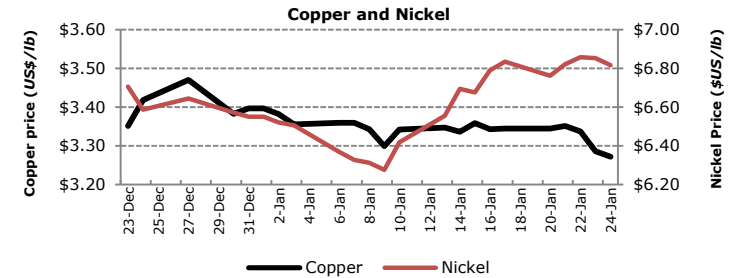
### Precious Metals

\$US/oz	24-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,270.07	+\$5.93	+0.5%	+1.3%	+5.5%	-4.0%
Silver	\$19.92	-\$0.12	-0.6%	-2.0%	+2.6%	-9.1%
Platinum	\$1,431	-\$25.75	-1.8%	-1.6%	+7.4%	-1.2%



### Industrial Metals

\$US/lb	24-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.27	-\$0.01	-0.4%	-2.2%	-4.3%	-0.9%
Nickel	\$6.82	-\$0.04	-0.5%	-0.3%	+3.5%	0.0%
Zinc	\$1.01	-\$0.01	-1.4%	-2.1%	-2.6%	+4.3%
Aluminum	\$0.78	-\$0.01	-1.3%	-2.5%	0.0%	-7.1%
Uranium	\$35.75	+\$0.00	0.0%	-0.8%	+3.6%	+4.1%



### Agriculture & Other

	24-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.30	+\$0.00	+0.1%	+1.3%	+1.8%
Wheat (\$US/bu)	\$5.65	-\$0.05	-0.8%	+0.3%	-6.6%
Soybeans (\$US/bu)	\$12.85	+\$0.08	+0.6%	-2.4%	-0.6%
Rough Rice (\$US/cwt)	\$15.43	-\$0.00	-0.0%	-1.1%	+1.0%
Sugar #11 (¢US/lb)	¢15.11	+¢0.07	+0.5%	-0.7%	-7.9%
Lean Hogs (¢US/lb)	¢94.03	+¢1.08	+1.2%	+2.3%	+3.7%
Live Cattle (¢US/lb)	¢140.10	-¢0.50	-0.4%	+0.6%	+3.5%
Cotton No.2 (\$US/lb)	\$0.87	-\$0.00	-0.1%	+0.5%	+3.0%
Lumber (\$US/Mbft)	\$357.40	-\$6.50	-1.8%	-3.4%	-3.1%

### Commodity ETFs

	24-Jan	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$4.46	-\$0.03	-0.7%	+5.7%	-5.5%
HBP Nat Gas U	\$17.38	+\$2.36	+15.7%	+37.4%	+23.8%
iShares Gold ETF	\$11.27	+\$0.05	+0.4%	+1.2%	+5.6%
<b>\$USD</b>					
US Crude Oil	\$34.58	-\$0.14	-0.4%	2.64%	-3.0%
US Nat Gas	\$24.61	+\$1.80	+7.9%	17.86%	+12.8%
PSDB Agriculture	\$24.25	-\$0.02	-0.1%	0.37%	-1.1%
PSDB Base Metals	\$16.35	-\$0.08	-0.5%	-2.79%	-1.9%

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## Interest Rates

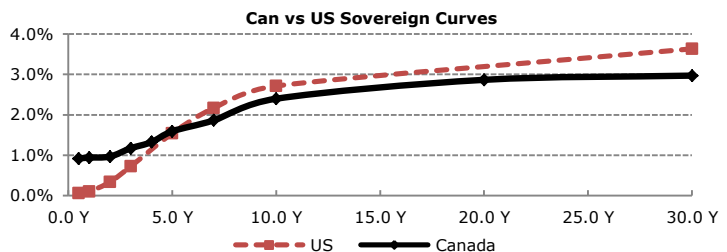
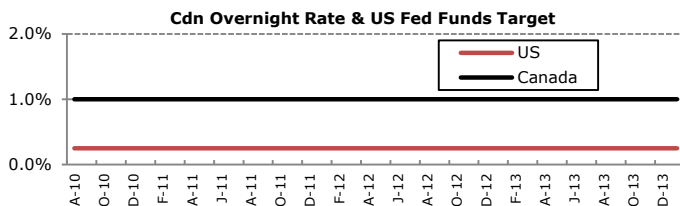
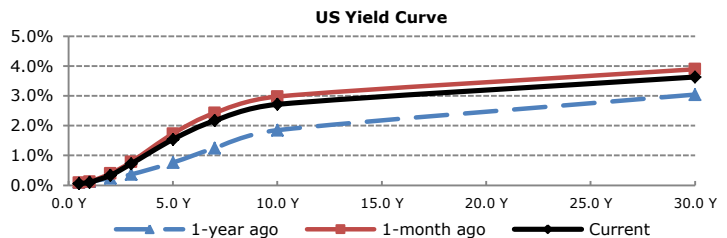
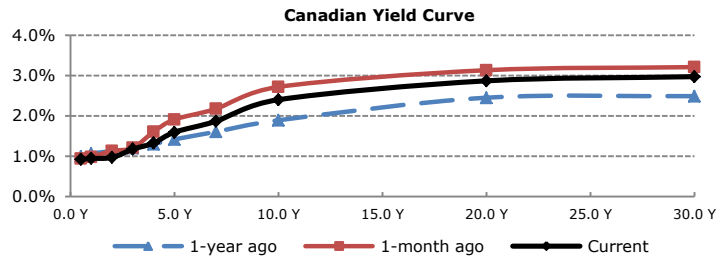
### Canadian yield curve

	24-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.90%	-	0.91%	0.90%	0.92%
6-mnth	0.92%	-	0.94%	0.93%	0.99%
12-mnth	0.94%	-0.00%	0.98%	1.00%	1.07%
2-year	0.97%	-0.00%	1.13%	1.09%	1.12%
5-year	1.59%	-0.00%	1.91%	1.71%	1.42%
10-year	2.40%	-0.01%	2.72%	2.42%	1.89%
20-year	2.87%	-0.01%	3.13%	2.94%	2.45%
30-year	2.97%	-0.02%	3.21%	3.03%	2.49%

### US yield curve

	24-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.05%	+0.01%	0.07%	0.03%	0.08%
6-mnth	0.06%	+0.01%	0.09%	0.07%	0.10%
12-mnth	0.10%	+0.01%	0.12%	0.10%	0.13%
2-year	0.34%	-0.02%	0.40%	0.30%	0.24%
5-year	1.54%	-0.06%	1.73%	1.28%	0.76%
10-year	2.72%	-0.06%	2.98%	2.51%	1.85%
30-year	3.63%	-0.05%	3.89%	3.60%	3.04%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	5-Mar-14	1.00%
US Fed Funds	0.25%	0.25%	29-Jan-14	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	24-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.109	-0.001	1.063	1.042	1.006
EURUSD	\$1.368	-0.002	1.368	1.380	1.346
USDJPY	¥102.31	-0.950	104.25	97.28	90.86
GBPUSD	\$1.648	-0.015	1.637	1.620	1.570
AUDUSD	\$0.868	-0.009	0.892	0.962	1.042

Spot	24-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥92.28	-0.735	98.06	93.34	90.29
CADAUD	\$1.039	+0.012	1.054	0.997	0.954
GBPUSD	£1.828	-0.020	1.740	1.689	1.579
EURJPY	¥139.98	-1.460	142.62	134.26	122.25
EURAUD	\$1.58	+0.013	1.53	1.43	1.29

## Economic Releases

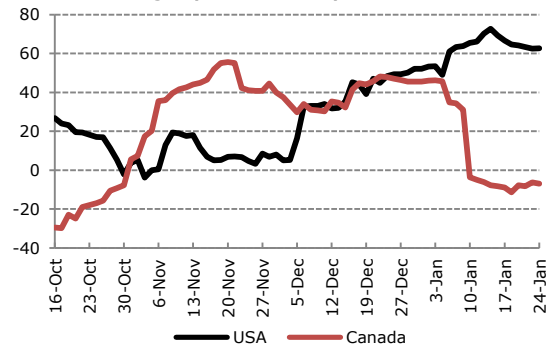
### United States

		Period	Survey	Actual	Prior
Mon, Jan 27	New Home Sales	31-Dec	457K	--	464K
Tue, Jan 28	Durable Goods Orders	31-Dec	1.8%	--	3.5%
Tue, Jan 28	Consumer Confidence	31-Jan	78	--	78.1
Thu, Jan 30	Continuing Claims	18-Jan	3005K	--	3056K
Thu, Jan 30	Initial Jobless Claims	25-Jan	330K	--	326K
Thu, Jan 30	GDP QoQ (Annualized)	31-Dec	3.2%	--	0%
Fri, Jan 31	Personal Income	31-Dec	0.2%	--	0.2%

### Canada

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

### Citigroup Economic Surprise Index



## Economics

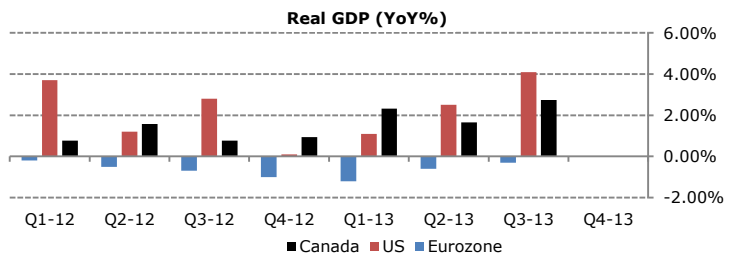
Canada	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Real GDP	2.32%	1.65%	2.74%	NA	1.70%
CPI	0.90%	0.77%	1.17%	0.93%	1.00%
Unemployment	7.20%	7.10%	6.90%	7.20%	7.05%

US	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Real GDP	1.10%	2.50%	4.10%	NA	1.90%
CPI	1.70%	1.43%	1.57%	1.23%	1.50%
Unemployment	7.50%	7.50%	7.20%	6.70%	7.40%

China	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Real GDP	7.70%	7.50%	7.80%	7.70%	7.65%



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