

Today's Commentary

Stocks continued to slide ahead of the final FOMC meeting under Chairman Ben Bernanke, which will last 2 days and starts today. The markets are expecting policy makers to taper the Fed's monthly bond purchases by another \$10B, as was indicated in the December 2013 meeting. The S&P 500 fell -0.49% and the TSX slid -0.99%, while treasury yields fell for the second day and the US dollar is up against all its major currency pairs this morning: +0.3% against the CAD and +0.46% against the JPY.

The Reserve Bank of India (RBI) surprisingly raised interest rates by 25 bps to 8% on Tuesday, the third interest rate increase in 6 months. This rate hike comes in response to currency pressure and accelerated inflation across the emerging world. RBI Governor Raghuram Rajan, however, said that if retail inflation eases as projected, it does not foresee further near-term monetary policy tightening. "What we've decided to do is focus on getting macroeconomic stability in India," Rajan said. Current account deficits have decreased to below 2.5% of GDP and foreign currency resources have increased, placing India in a better position than 2013 to withstand pressures on emerging market currencies. The Indian rupee depreciated 11% last year as emerging markets sold off sharply after the Fed announced it would start tapering its bond-buying program.

Apple lost over 8% in the after-hours trading session as investors continue to question the growth of the company going forward. iPhone sales over the holiday season and revenue projections for the current quarter trailed analysts' estimates, further indicating that its flagship product is losing steam in the crowded smartphone market. Apple said today in a statement that it sold a record of 51 million iPhones for last quarter, missing analysts' estimates of 54.7 million phones. Apple also estimated the revenue for the current quarter will be 42 billion to 44 billion, compared with analysts' estimates of 46.1 billion. "The high-end of the market is saturated," said Van Baker, an analyst at researcher Gartner Inc. "Apple is going to have to rethink its approach." Apple Chief Executive Officer Tim Cook is under pressure to introduce new product categories to boost growth. Apple has not introduced any new products since the iPad's debut in 2010.

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.

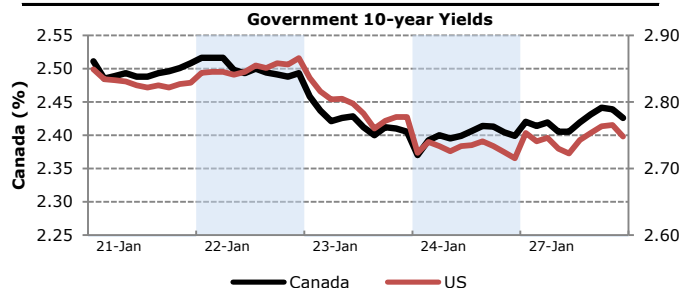
Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Durable Goods Orders	31-Dec	1.8%	-4.3%	3.5%
Consumer Confidence	31-Jan	78	--	78.1

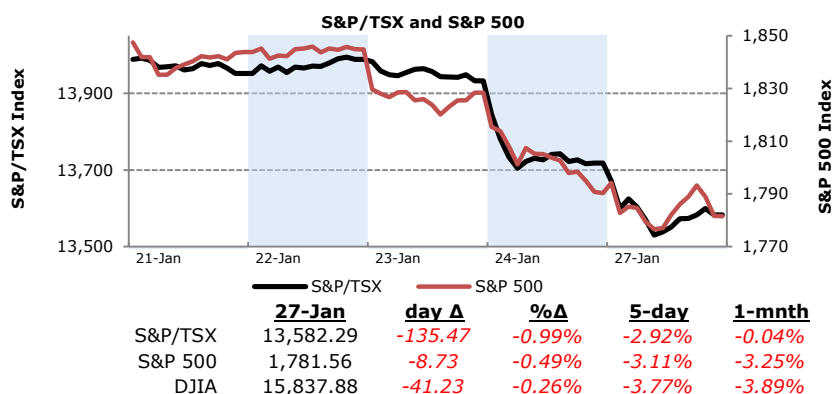
Canada

None Scheduled

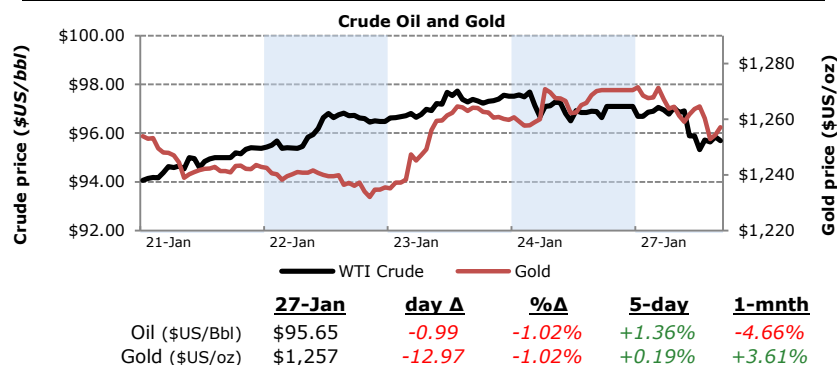
Interest Rates



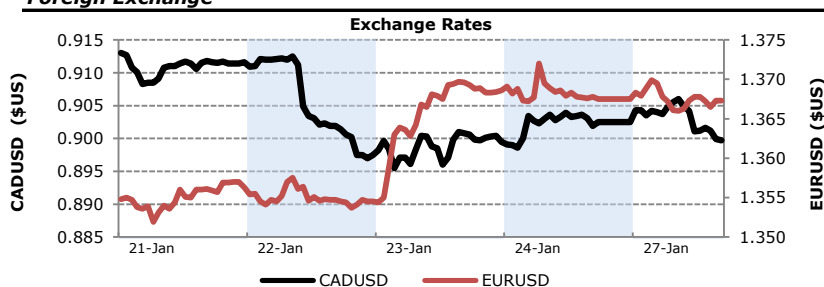
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	27-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.112	+0.003	1.095	1.071	1.001
EURUSD	\$1.367	-0.000	1.355	1.375	1.349
USDJPY	¥102.55	+0.240	104.180	105.17	90.73

Government 10-year Yields

	27-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.43%	0.027%	2.78%	2.41%	1.95%
United States	2.75%	0.033%	3.00%	2.50%	1.95%

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.

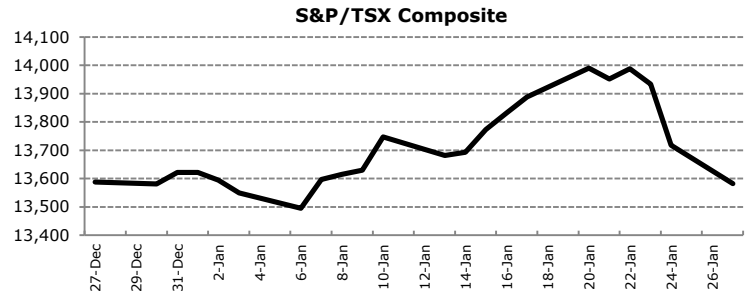
<http://www.rotman.utoronto.ca/financeassociation>

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	27-Jan	day Δ	%Δ
S&P/TSX	13,582.29	-135.47	-0.99%
Trailing S&P/TSX			
5-day		-2.92%	-3.04%
1-month		-0.04%	-0.26%
3-months		+1.36%	+1.40%
6-months		+7.39%	+7.30%
12-months		+5.97%	+5.88%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.33%	-2.09%	-0.07%	+32.20%
C. Staples	-0.44%	-2.30%	+0.64%	+21.54%
Energy	-1.38%	-2.43%	-1.80%	+3.60%
Financials	-1.60%	-4.04%	-3.33%	+13.53%
Healthcare	-0.27%	-2.79%	+10.72%	+40.83%
Info Tech	-1.42%	+0.13%	+7.22%	+23.53%
Industrials	-0.37%	-3.29%	-3.41%	+21.13%
Materials	-1.31%	-4.28%	+6.69%	-24.44%
Metals & Mining	-0.28%	-5.76%	+4.28%	-20.31%
Telecom	+0.25%	-1.39%	+0.03%	+4.40%
Utilities	-0.92%	-0.83%	+1.27%	-11.79%

TSX Top Performers

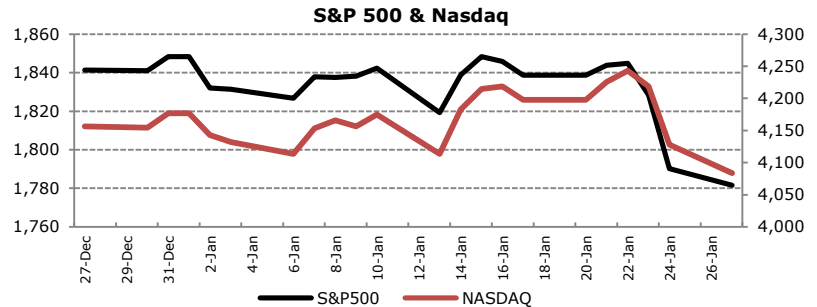
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Constellation Software In		+3.39%	+1.25%	+8.03%	+93.13%
Cott Corporation		+2.92%	+0.69%	+1.73%	+2.01%
Cameco Corp		+2.15%	-0.88%	+12.35%	+17.10%
Veresen Inc		+1.83%	+0.13%	+6.14%	+26.68%
Thompson Creek Metals Co		+1.79%	-12.84%	+19.75%	-31.98%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Horizon North Logistics I		-12.35%	-23.79%	-25.74%	+22.85%
China Gold International		-6.69%	-1.92%	+10.83%	-9.44%
Novagold Resources Inc		-6.14%	-8.81%	+22.05%	-25.17%
Air Canada-Class B		-5.74%	-3.44%	+16.15%	+256.56%
Silver Standard Resources		-5.47%	-7.93%	+13.84%	-31.69%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
27-Jan	1,781.56	15,837.88	4,083.61
1-day	-0.49%	-0.26%	-1.08%
5-day	-3.11%	-3.77%	-2.72%
1-month	-3.25%	-3.89%	-1.76%
3-months	+1.24%	+1.72%	+3.56%
6-months	+5.31%	+1.79%	+13.02%
12-months	+18.54%	+13.97%	+29.65%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.39%	-2.90%	-4.67%	+24.32%
C. Staples	-0.28%	-1.89%	-3.73%	+11.94%
Energy	-0.34%	-2.69%	-5.14%	+7.72%
Financials	-0.63%	-4.35%	-3.80%	+20.04%
Healthcare	-0.79%	-3.24%	-0.36%	+28.71%
Info Tech	-1.01%	-2.92%	-2.08%	+21.27%
Industrials	+0.22%	-3.77%	-4.29%	+22.90%
Materials	-0.37%	-4.86%	-5.18%	+9.79%
Telecom	+0.13%	-1.28%	-4.09%	+1.67%
Utilities	+0.21%	+0.04%	+0.74%	+4.98%

DJIA Top Performers

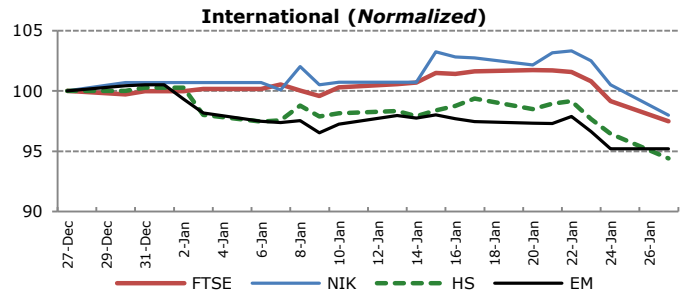
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Caterpillar Inc		+5.94%	NA	+1.12%	-1.89%
United Technologies Corp		+1.78%	NA	+0.88%	+29.56%
Merck & Co. Inc.		+1.06%	NA	+5.50%	+25.39%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Visa Inc-Class A Shares		-2.27%	NA	-1.57%	+36.33%
Microsoft Corp		-2.12%	NA	-3.38%	+33.14%
Goldman Sachs Group Inc		-1.76%	NA	-6.61%	+15.51%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,550.66	15,005.73	21,976.10	949.90
1-day	-1.70%	-2.51%	-2.11%	+0.00%
5-day	-4.18%	-4.07%	-4.16%	-2.15%
1-month	-2.97%	-7.25%	-5.45%	+0.00%
3-months	-2.54%	+6.51%	-3.18%	-2.89%
6-months	-0.06%	+6.20%	+0.03%	+3.75%
12-months	+4.24%	+37.33%	-6.80%	-6.69%

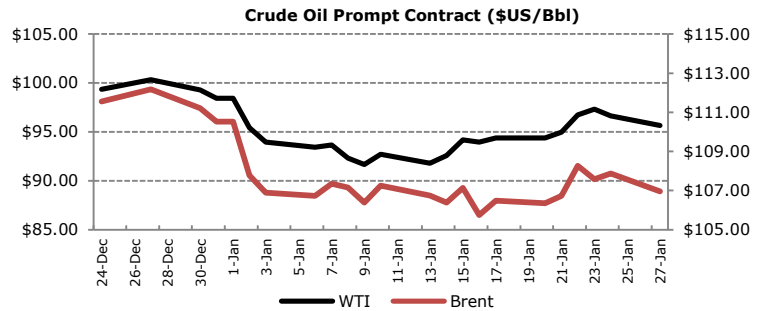


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Nymex WTI Crude Oil

(\$US/Bbl)	27-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$95.65	-\$0.99	-1.02%	+1.36%	-4.66%
Cal 14	\$92.70	-\$0.73	-0.78%	n/a	-1.61%
Cal 15	\$85.72	-\$0.49	-0.57%	n/a	-2.31%

(\$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	\$94.69	\$92.26	\$90.13	\$88.10	\$85.72



UK Brent Crude Oil

(\$US/Bbl)	27-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$106.95	-\$0.93	-0.87%	+0.56%	-4.66%

Inventory Levels (as of Jan-17)

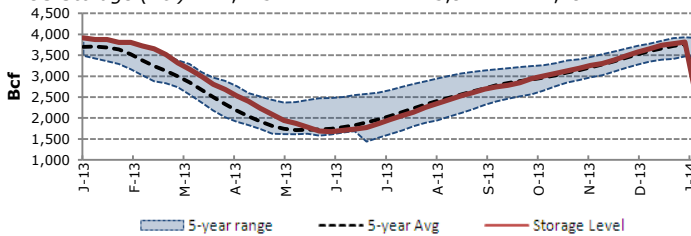
(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	351,224	+990	337,426	319,411
Motor Gas	235,265	+26,067	214,389	200,481
Distillates	120,738	+3,402	171,756	140,851

Nymex Natural Gas

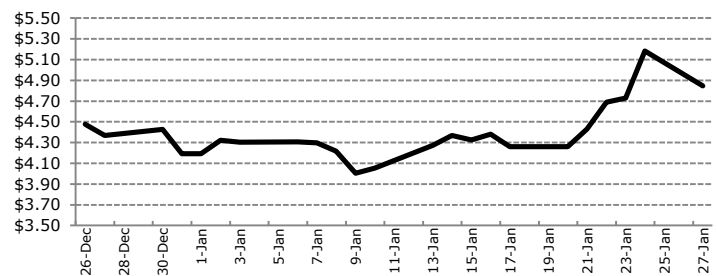
(\$US/MMbtu)	27-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.85	-\$0.34	-6.46%	+13.81%	+10.97%
Feb14-Mar14	\$4.49	-\$0.17	-3.57%	n/a	+7.78%
Apr14-Oct14	\$4.27	-\$0.09	-2.03%	n/a	+5.40%
Nov14-Mar15	\$4.42	-\$0.06	-1.35%	n/a	+6.52%
Apr15-Oct15	\$4.00	-\$0.04	-0.87%	n/a	-3.03%

Inventory Levels (as of Jan-17)

	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	2,423	-107	3,911	2,792



Nat Gas Prompt (\$US/MMbtu)

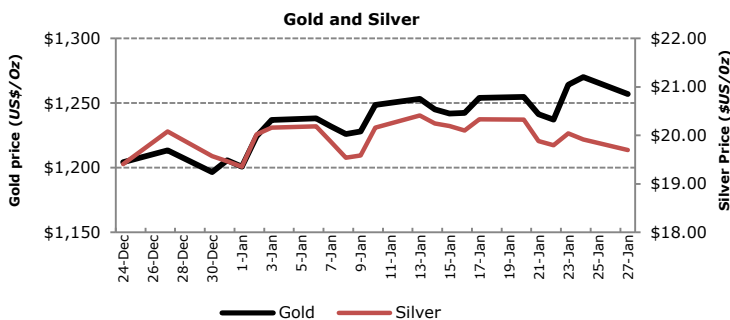


Alberta Natural Gas

(\$CAD/GJ)	27-Jan	day Δ	%Δ
AECO Feb-14	\$3.86	-\$0.59	-13.2%

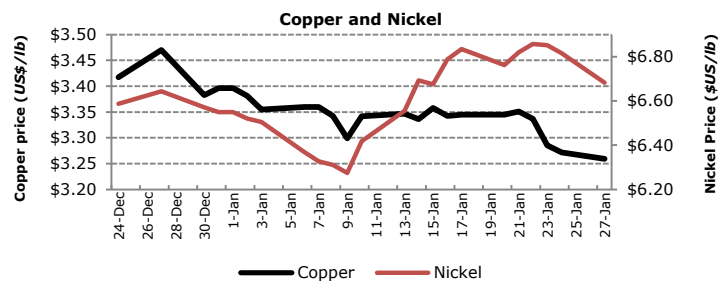
Precious Metals

\$US/oz	27-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,257.10	-\$12.97	-1.0%	+0.2%	+3.6%	-4.5%
Silver	\$19.70	-\$0.22	-1.1%	-3.1%	-1.9%	-10.0%
Platinum	\$1,412	-\$19.37	-1.4%	-3.9%	+2.5%	-2.9%



Industrial Metals

\$US/lb	27-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.26	-\$0.01	-0.4%	-2.6%	-6.1%	-1.2%
Nickel	\$6.68	-\$0.13	-2.0%	-1.2%	+0.6%	-1.7%
Zinc	\$1.00	-\$0.01	-0.5%	-3.0%	-4.7%	+4.4%
Aluminum	\$0.78	+\$0.00	0.0%	-2.5%	-2.5%	-6.0%
Uranium	\$35.70	-\$0.05	-0.1%	-1.0%	+3.8%	+4.1%



Agriculture & Other

	27-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.32	+\$0.02	+0.5%	+1.8%	+1.0%
Wheat (\$US/bu)	\$5.64	-\$0.02	-0.3%	+0.0%	-7.5%
Soybeans (\$US/bu)	\$12.88	+\$0.03	+0.2%	-2.2%	-2.0%
Rough Rice (\$US/cwt)	\$15.48	+\$0.05	+0.4%	-0.8%	+0.8%
Sugar #11 (¢US/lb)	¢14.80	¢-0.31	-2.1%	-2.8%	-9.9%
Lean Hogs (¢US/lb)	¢94.30	¢+0.27	+0.3%	+2.6%	+3.7%
Live Cattle (¢US/lb)	¢140.55	¢+0.45	+0.3%	+0.9%	+3.6%
Cotton No.2 (\$US/lb)	\$0.84	-\$0.03	-3.4%	-2.9%	+0.2%
Lumber (\$US/Mbft)	\$354.40	-\$3.00	-0.8%	-4.2%	-5.8%

Commodity ETFs

\$CAD	27-Jan	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.36	-\$0.10	-2.2%	+3.8%	-9.4%
HBP Nat Gas U	\$15.60	-\$1.78	-10.2%	+24.0%	+17.9%
iShares Gold ETF	\$11.15	-\$0.12	-1.1%	+0.5%	+3.4%

\$USD	27-Jan	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.23	-\$0.35	-1.0%	1.60%	-4.5%
US Nat Gas	\$23.37	-\$1.24	-5.0%	11.93%	+10.3%
PSDB Agriculture	\$24.28	+\$0.03	+0.1%	0.50%	-1.2%
PSDB Base Metals	\$16.30	-\$0.05	-0.3%	-3.09%	-3.6%

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Interest Rates

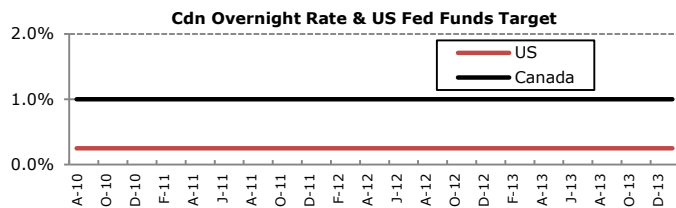
Canadian yield curve

	27-Jan	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.90%	-	0.90%	0.90%	0.92%
6-mnth	0.92%	-	0.95%	0.93%	0.99%
12-mnth	0.94%	-	0.99%	1.00%	1.06%
2-year	0.98%	+0.02%	1.13%	1.09%	1.14%
5-year	1.62%	+0.03%	1.96%	1.70%	1.46%
10-year	2.43%	+0.03%	2.78%	2.41%	1.95%
20-year	2.89%	+0.02%	3.18%	2.91%	2.50%
30-year	2.99%	+0.02%	3.25%	3.01%	2.54%

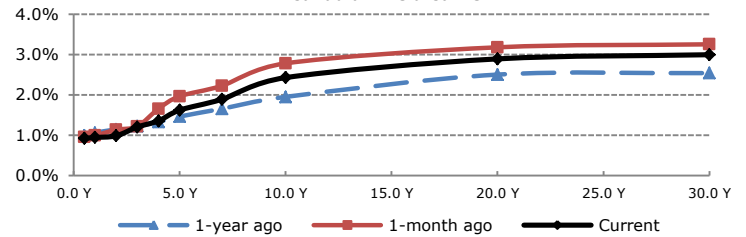
US yield curve

	27-Jan	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.05%	+0.01%	0.06%	0.04%	0.07%
6-mnth	0.06%	-	0.08%	0.08%	0.11%
12-mnth	0.10%	-	0.11%	0.10%	0.14%
2-year	0.34%	+0.00%	0.39%	0.31%	0.27%
5-year	1.57%	+0.03%	1.73%	1.26%	0.85%
10-year	2.75%	+0.03%	3.00%	2.50%	1.95%
30-year	3.66%	+0.03%	3.94%	3.61%	3.13%

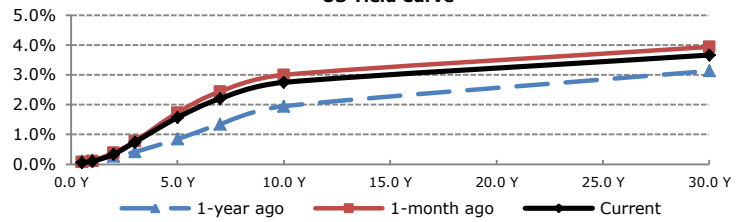
	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	5-Mar-14	
US Fed Funds	0.25%	0.25%	starts today	



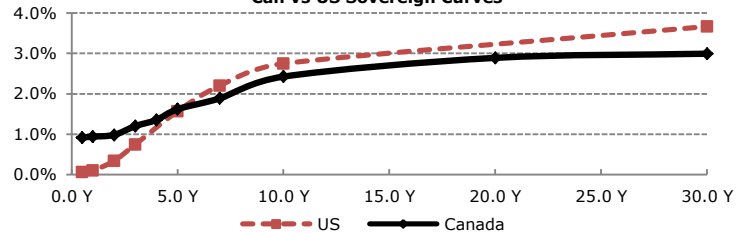
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	27-Jan	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.112	+0.003	1.071	1.045	1.001
EURUSD	\$1.367	-0.000	1.375	1.380	1.349
USDJPY	¥102.55	+0.240	105.17	97.42	90.73
GBPUSD	\$1.659	+0.010	1.648	1.617	1.576
AUDUSD	\$0.874	+0.006	0.887	0.958	1.048

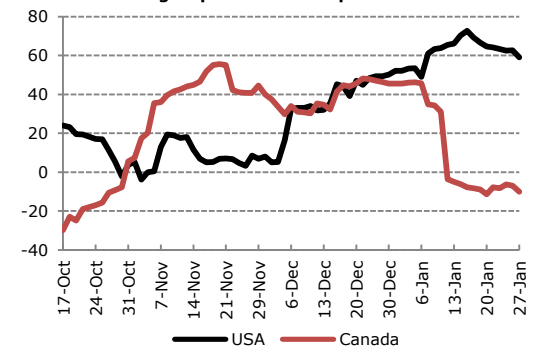
Spot	27-Jan	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥92.26	-0.020	98.22	93.23	90.65
CADAUD	\$1.030	-0.009	1.053	0.999	0.954
GBPCAD	£1.844	+0.016	1.765	1.689	1.578
EURJPY	¥140.22	+0.240	144.59	134.46	122.41
EURAUD	\$1.56	-0.011	1.55	1.44	1.29

Economic Releases

United States

	Period	Survey	Actual	Prior	
Mon, Jan 27	New Home Sales	31-Dec	455K	414K	464K
Tue, Jan 28	Durable Goods Orders	31-Dec	1.8%	-4.3	3.5%
Tue, Jan 28	Consumer Confidence	31-Jan	78	--	78.1
Thu, Jan 30	Initial Jobless Claims	25-Jan	330K	--	326K
Thu, Jan 30	GDP QoQ (Annualized)	31-Dec	3.2%	--	4.1%
Fri, Jan 31	Personal Income	31-Dec	0.2%	--	0.2%

Citigroup Economic Surprise Index



Canada

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

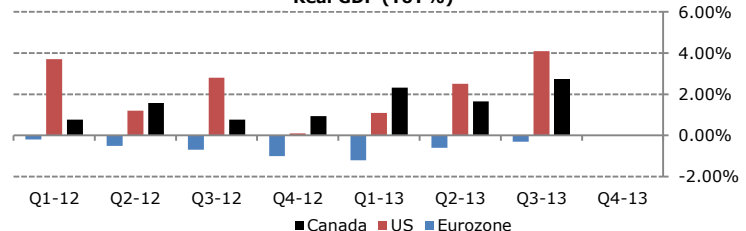
Economics

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%

Real GDP (YoY%)



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