

## Today's Commentary

Equities rallied on Thursday, breaking a losing streak with the S&P adding 1.13% and the TSX 0.67%. Rates were largely unchanged with US and Canadian 10 year notes yielding 2.69% and 2.37% respectively. GDP numbers in the US were also in line with expectations at 3.2% q/q annualized, showing signs of strength in the US recovery. This morning Canadian GDP was released along with a handful of second and third tier US data. The Canadian November GDP number came in as expected at 0.2% m/m, expanding for the fifth straight month. This data supports the Bank of Canada's view that momentum in the Canadian economy was building in the second half of 2013, after a slowdown in growth in the beginning of the year. US consumer spending climbed more than forecasted during the December holiday season to 0.4%. The US Employment Cost Index, a leading indicator of consumer inflation, also came in above expectation.

Bonds in the Europe rallied as the inflation reading came in softer than expectations. Annual inflation in the eurozone dropped to 0.7%, missing analysts' 0.9% median estimate. The yields on Germany's 30 year government bonds dropped to the lowest level since August last year as slowing eurozone inflation boost speculations that the ECB will take additional actions to stimulate the economy. Both Italian and Spanish government bonds also rallied based on the current disinflationary outlook. "It was a big downside surprise and the reaction in the market is quite strong," said Peter Schaffrik, head of Europe rate strategy at Royal Bank of Canada in London. "The key thing now going forward is how the ECB is going to react." The EUR is also showing weakness in the trading session against the dollar.

Japan's core consumer price index accelerated to 1.3% in December, the fastest pace in more than 5 years. This brings the economy inflation closer to the central bank target of 2%, adding evidence the economy is making steady progress towards ending its 15 years of grinding deflation. Much of the inflation has been as a result of the sharp fall in JPY in late 2012. Though the CPI has risen for 7 straight months, analysts are predicting this rate to slow in 2014 in anticipation of depressed consumer spending due to sales tax increases coming in April. Unemployment in Japan also declined unexpectedly falling to a 6 year low of 3.7% from 4% the month before, further providing evidence the BoJ will be able to reach its inflation target because of wage increases.

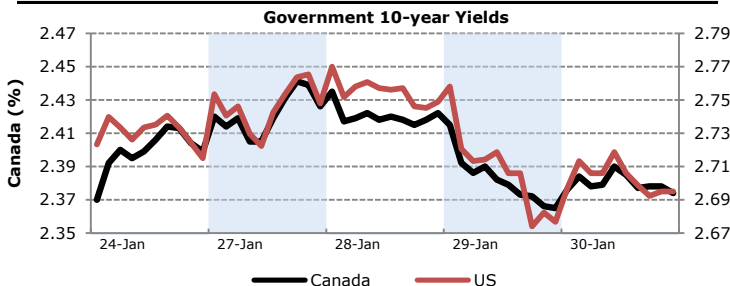
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

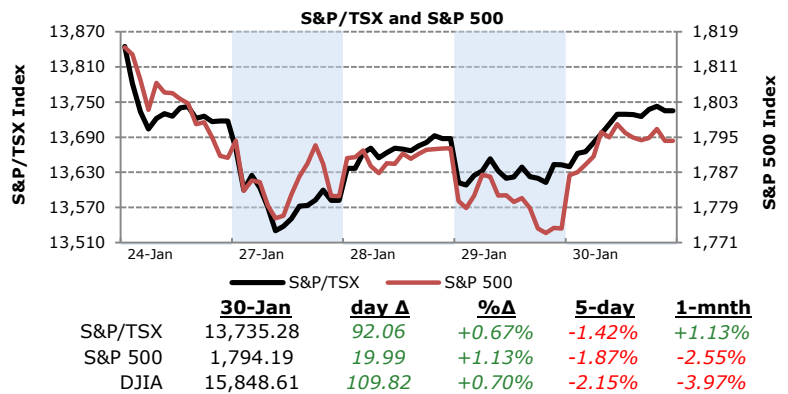
United States	Period	Survey	Actual	Prior
Personal Income	31-Dec	0.2%	0.4%	0.6%

Canada	Period	Survey	Actual	Prior
GDP MoM	31-Dec	0.2%	0.2%	0.3%

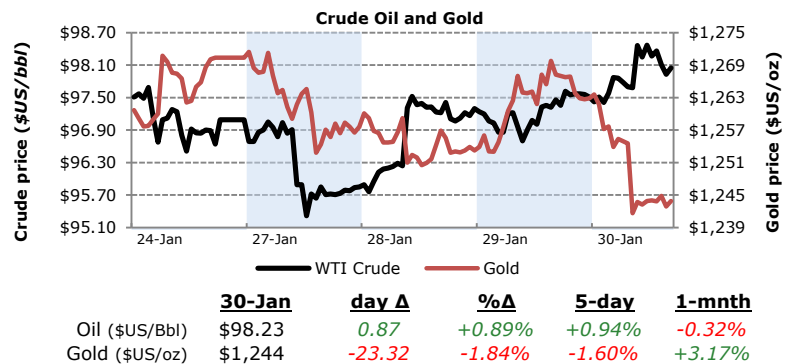
## Interest Rates



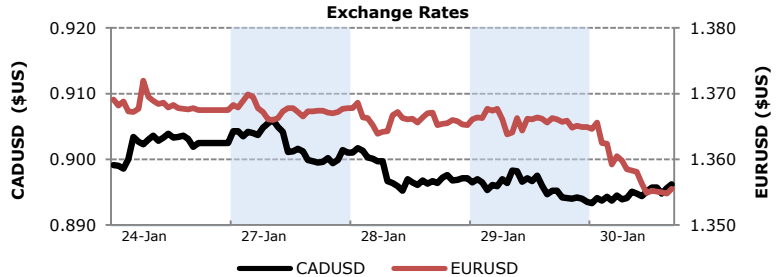
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	30-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.116	-0.001	1.110	1.064	0.997
EURUSD	\$1.356	-0.011	1.370	1.376	1.364
USDJPY	¥102.72	+0.430	103.260	105.25	92.77

Government 10-year Yields

	30-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.37%	0.009%	2.76%	2.50%	2.00%
United States	2.69%	0.018%	3.03%	2.62%	1.99%

## 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>

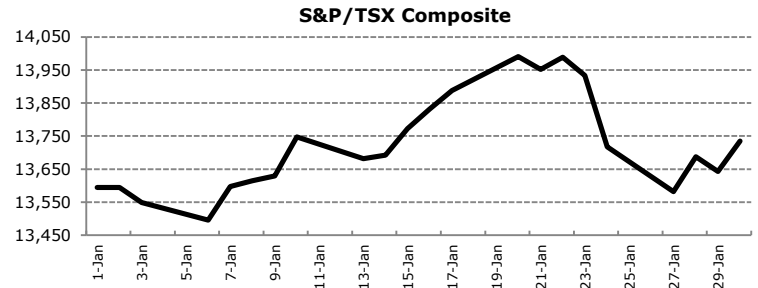
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	<b>30-Jan</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	13,735.28	92.06	+0.67%

	<b>Trailing S&amp;P/TSX</b>	<b>TSX 60</b>
5-day	-1.42%	-1.64%
1-month	+1.13%	+0.90%
3-months	+2.08%	+1.89%
6-months	+9.17%	+9.13%
12-months	+7.35%	+7.29%



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.85%	-1.78%	+0.16%	+33.09%
C. Staples	+0.84%	+0.07%	+1.68%	+23.75%
Energy	+0.47%	-1.93%	-0.62%	+4.75%
Financials	+0.70%	-2.90%	-3.32%	+13.63%
Healthcare	+1.48%	+0.15%	+11.74%	+43.16%
Info Tech	+1.06%	+0.92%	+8.62%	+33.31%
Industrials	+1.84%	-0.33%	-0.57%	+24.17%
Materials	-1.23%	-1.00%	+10.92%	-22.41%
Metals & Mining	-1.02%	-0.90%	+5.46%	-18.05%
Telecom	+1.37%	+0.42%	+1.22%	+4.88%
Utilities	+0.94%	+1.18%	+3.18%	-10.64%

### TSX Top Performers

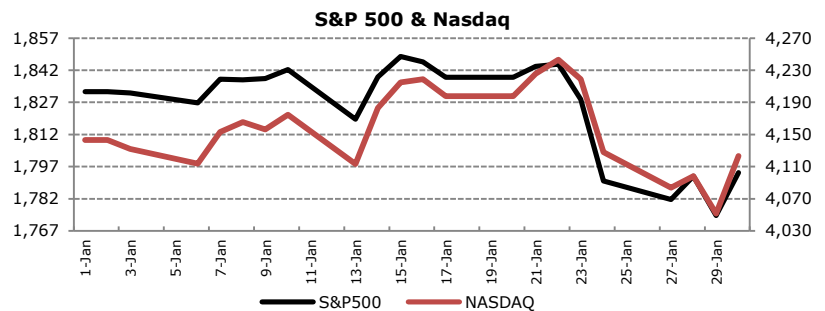
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Nuvista Energy Ltd		+9.23%	+9.67%	+16.13%	+50.00%
Methanex Corp		+7.83%	+5.61%	+10.70%	+101.05%
Air Canada-Class B		+6.42%	-20.02%	+2.14%	+219.25%
Norbord Inc		+4.64%	-1.04%	-9.32%	+0.13%
Element Financial Corp		+4.43%	-2.04%	-7.10%	+62.81%

### 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>
China Gold International		-6.21%	-1.19%	+24.34%	-8.03%
Oceanagold Corp		-5.66%	-6.54%	+33.33%	-24.81%
Osisko Mining Corp		-4.35%	-0.60%	+43.57%	-6.26%
Silvercorp Metals Inc		-4.23%	-4.23%	+24.05%	-32.26%
Eldorado Gold Corp		-4.04%	-2.73%	+20.88%	-37.54%

### US Indices

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing 30-Jan	1,794.19	15,848.61	4,123.13
1-day	+1.13%	+0.70%	+1.77%
5-day	-1.87%	-2.15%	-2.27%
1-month	-2.55%	-3.97%	-0.75%
3-months	+1.75%	+1.47%	+4.90%
6-months	+6.42%	+2.11%	+14.01%
12-months	+19.46%	+13.93%	+31.21%



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+1.66%	-1.64%	-4.37%	+26.43%
C. Staples	+0.18%	-2.12%	-4.93%	+10.30%
Energy	+0.16%	-2.07%	-4.05%	+7.49%
Financials	+1.32%	-1.44%	-2.22%	+22.43%
Healthcare	+1.80%	-0.97%	+1.63%	+31.09%
Info Tech	+1.48%	-3.18%	-2.10%	+21.09%
Industrials	+0.86%	-2.22%	-3.60%	+24.48%
Materials	+0.45%	-1.68%	-3.84%	+12.46%
Telecom	+0.20%	-1.08%	-4.36%	+0.18%
Utilities	+1.50%	+0.89%	+2.27%	+6.22%

### DJIA Top Performers

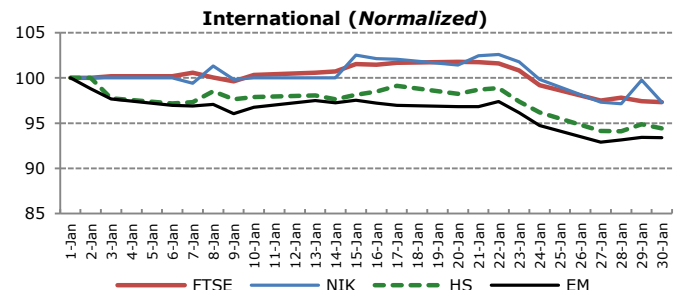
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Nike Inc -CI B		+3.02%	+1.66%	-6.10%	+37.92%
Caterpillar Inc		+2.85%	+5.33%	+2.56%	-5.52%
Walt Disney Co/The		+2.65%	-2.10%	-3.95%	+36.12%

### 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>
Boeing Co/The		-2.50%	-10.46%	-6.91%	+69.63%
3M Co		-1.69%	-4.94%	-8.16%	+27.03%
Exxon Mobil Corp		-1.18%	-3.07%	-6.30%	+3.66%

### International Markets

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing Last Close	6,538.45	15,007.06	22,035.42	936.37
1-day	-0.09%	-2.45%	-0.48%	-0.03%
5-day	-3.47%	-4.39%	-3.07%	-2.86%
1-month	-2.86%	-7.88%	-5.20%	-6.54%
3-months	-3.53%	+3.48%	-5.44%	-10.20%
6-months	-0.49%	+8.20%	+0.37%	-1.81%
12-months	+3.41%	+35.03%	-7.50%	-12.34%



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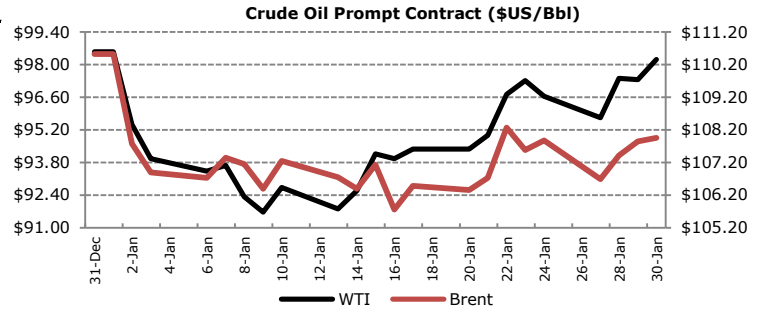
### Nymex WTI Crude Oil

(\$US/Bbl)	30-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$98.23	+\$0.87	+0.89%	+0.94%	-0.32%
Cal 14	\$94.50	+\$0.53	+0.57%	+0.85%	-0.20%
Cal 15	\$86.69	+\$0.31	+0.36%	+0.72%	-1.34%

(\$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	\$96.81	\$93.97	\$91.49	\$89.30	\$86.69

### Inventory Levels (as of Jan-24)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	357,645	+6,421	337,426	319,411
Motor Gas	234,446	-819	214,389	200,481
Distillates	116,154	-4,584	171,756	140,851

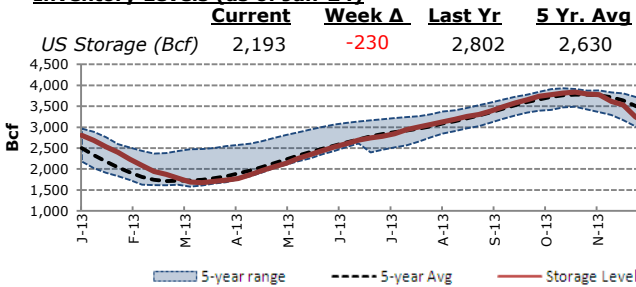


(\$US/Bbl)	30-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$107.95	+\$0.10	+0.09%	+0.34%	-2.33%

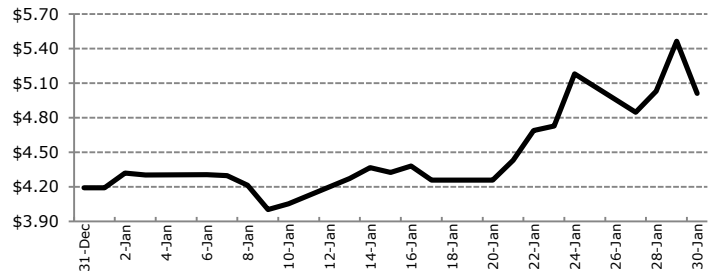
### Nymex Natural Gas

(\$US/MMbtu)	30-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$5.01	-\$0.45	-8.31%	+5.94%	+19.51%
Apr14-Oct14	\$4.32	-\$0.16	-3.61%	+0.67%	+4.22%
Nov14-Mar15	\$4.49	-\$0.12	-2.67%	+1.55%	+3.77%
Apr15-Oct15	\$3.96	-\$0.07	-1.76%	-2.04%	-2.20%
Nov15-Mar16	\$4.22	-\$0.02	-0.41%	-0.25%	+1.72%

### Inventory Levels (as of Jan-24)



### Nat Gas Prompt (\$US/MMbtu)

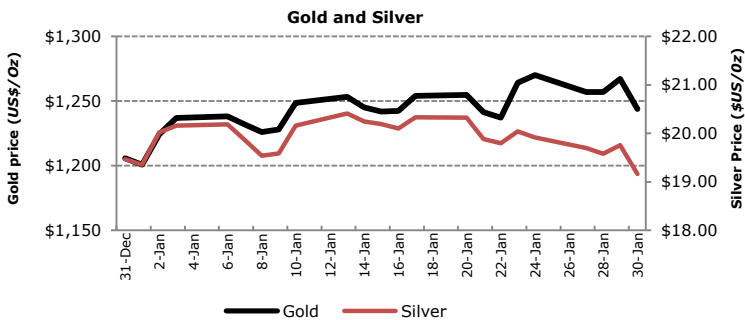


### Alberta Natural Gas

(\$CAD/GJ)	30-Jan	day Δ	%Δ
AECO Feb-14	\$4.49	-\$0.34	-7.0%

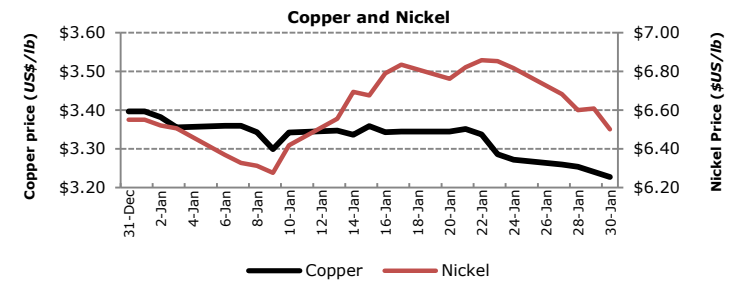
### Precious Metals

\$US/oz	30-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,243.92	-\$23.32	-1.8%	-1.6%	+3.2%	-5.6%
Silver	\$19.16	-\$0.60	-3.0%	-4.4%	-1.6%	-12.2%
Platinum	\$1,383	-\$30.38	-2.2%	-5.1%	+1.0%	-5.7%



### Industrial Metals

\$US/lb	30-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.23	-\$0.01	-0.4%	-1.8%	-5.0%	-0.3%
Nickel	\$6.50	-\$0.11	-1.6%	-5.1%	-0.8%	-2.9%
Zinc	\$0.98	-\$0.02	-1.7%	-3.9%	-5.3%	+3.7%
Aluminum	\$0.77	-\$0.01	-1.3%	-2.5%	-3.8%	-4.9%
Uranium	\$35.75	+\$0.25	+0.7%	0.0%	+3.9%	+2.4%



### Agriculture & Other

	30-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.34	+\$0.06	+1.4%	+1.0%	+2.7%
Wheat (\$US/bu)	\$5.54	+\$0.02	+0.4%	-2.9%	-8.6%
Soybeans (\$US/bu)	\$12.75	+\$0.06	+0.5%	-0.2%	-1.4%
Rough Rice (\$US/cwt)	\$15.43	-\$0.02	-0.2%	-0.0%	+1.0%
Sugar #11 (¢US/lb)	¢14.99	¢0.25	+1.7%	-0.3%	-8.7%
Lean Hogs (¢US/lb)	¢93.63	¢0.17	-0.2%	+0.7%	+3.3%
Live Cattle (¢US/lb)	¢140.53	¢0.00	+0.0%	-0.1%	+3.9%
Cotton No.2 (\$US/lb)	\$0.86	+\$0.00	+0.6%	-1.5%	+1.6%
Lumber (\$US/Mbft)	\$358.90	+\$7.40	+2.1%	-1.4%	-2.7%

### Commodity ETFs

	30-Jan	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$4.55	+\$0.04	+0.9%	+1.3%	-2.4%
HBP Nat Gas U	\$16.43	-\$3.74	-18.5%	+9.4%	+30.2%
iShares Gold ETF	\$11.03	-\$0.26	-2.3%	-1.7%	+3.3%
<b>\$USD</b>					
US Crude Oil	\$34.95	+\$0.22	+0.6%	0.66%	-1.0%
US Nat Gas	\$24.25	-\$2.48	-9.3%	6.31%	+17.2%
PSDB Agriculture	\$24.38	+\$0.11	+0.5%	0.45%	+0.5%
PSDB Base Metals	\$16.14	-\$0.09	-0.6%	-1.77%	-4.3%

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## Interest Rates

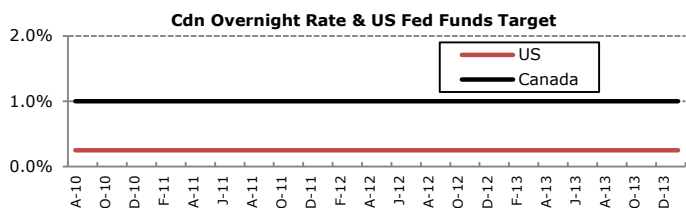
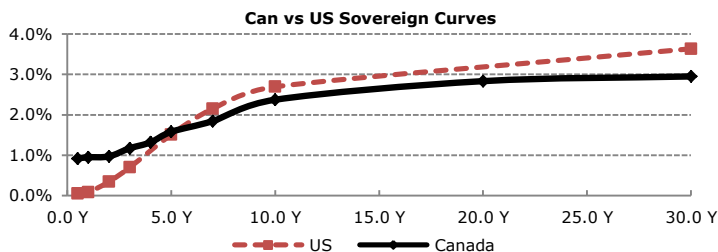
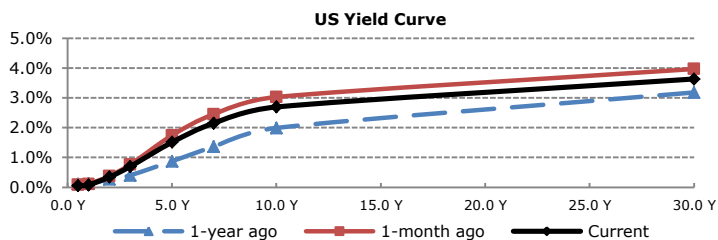
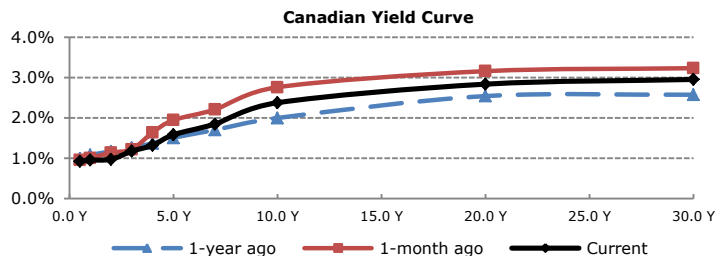
### Canadian yield curve

	30-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.91%	0.91%	0.93%
6-mnth	0.92%	-	0.95%	0.94%	0.99%
12-mnth	0.95%	-	1.00%	1.00%	1.08%
2-year	0.97%	+0.01%	1.14%	1.12%	1.17%
5-year	1.58%	+0.01%	1.94%	1.78%	1.51%
10-year	2.37%	+0.01%	2.76%	2.50%	2.00%
20-year	2.83%	+0.00%	3.16%	2.99%	2.54%
30-year	2.95%	+0.01%	3.23%	3.07%	2.57%

### US yield curve

	30-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-0.03%	0.07%	0.04%	0.06%
6-mnth	0.06%	-0.01%	0.09%	0.08%	0.11%
12-mnth	0.08%	-0.01%	0.11%	0.09%	0.13%
2-year	0.34%	-0.01%	0.38%	0.31%	0.27%
5-year	1.51%	+0.01%	1.74%	1.37%	0.88%
10-year	2.69%	+0.02%	3.03%	2.62%	1.99%
30-year	3.63%	+0.02%	3.97%	3.70%	3.18%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	5-Mar-14	1.00%
US Fed Funds	0.25%	0.25%	18-Mar-14	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	30-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.116	-0.001	1.064	1.048	0.997
EURUSD	\$1.356	-0.011	1.376	1.374	1.364
USDJPY	¥102.72	+0.430	105.25	98.51	92.77
GBPUSD	\$1.649	-0.008	1.657	1.604	1.569
AUDUSD	\$0.879	+0.005	0.889	0.948	1.041

Spot	30-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥92.06	+0.493	98.87	94.00	93.09
CADAUD	\$1.019	-0.005	1.057	1.006	0.964
GBPUSD	£1.840	-0.011	1.763	1.681	1.564
EURJPY	¥139.23	-0.520	144.84	135.32	126.66
EURAUD	\$1.54	-0.022	1.55	1.45	1.31

## Economic Releases

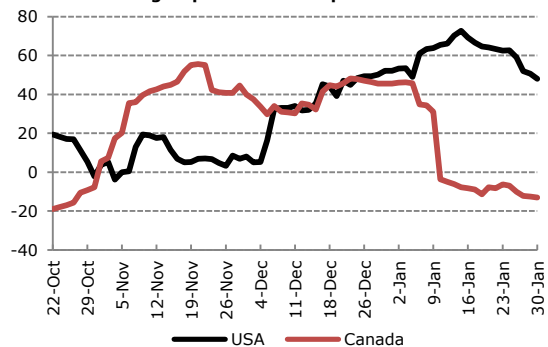
### United States

		Period	Survey	Actual	Prior
Mon, Jan 27	New Home Sales	31-Dec	455K	414K	445K
Tue, Jan 28	Durable Goods Orders	31-Dec	1.90%	-4.3%	3.5%
Tue, Jan 28	Consumer Confidence	31-Jan	78	80.7	78.1
Thu, Jan 30	Continuing Claims	18-Jan	3000K	2991K	3056K
Thu, Jan 30	Initial Jobless Claims	25-Jan	330K	348K	326K
Thu, Jan 30	GDP QoQ (Annualized)	31-Dec	3.2%	3.2%	4.1%
Fri, Jan 31	Personal Income	31-Dec	0.2%	0.4%	0.6%

### Canada

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

### Citigroup Economic Surprise Index



## Economics

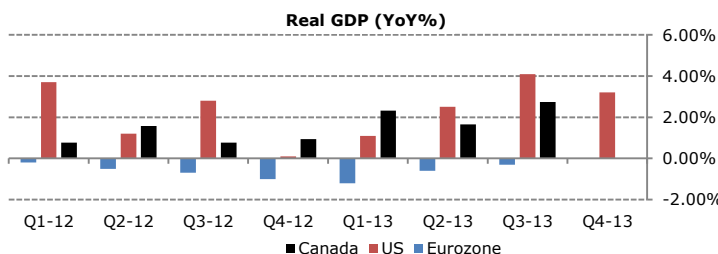
Canada	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Real GDP	2.32%	1.65%	2.74%	NA	1.70%
CPI	0.90%	0.77%	1.17%	0.93%	1.00%
Unemployment	7.30%	7.10%	6.90%	7.20%	7.05%

US	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Real GDP	1.10%	2.50%	4.10%	3.20%	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%	7.70%



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