

Today's Commentary

Stocks edged higher with the S&P rallying +0.61% to 1,837.88 and the TSX up +0.75% to 13,596.93. The US 10 year is unchanged, yielding 2.95% while the Canadian 10 year gained and is now yielding -3bps lower than yesterday at 2.67%. Oil also continued its advance with lower stockpiles as WTI gained +0.31% to 93.96 USD/bbl. The Canadian dollar hit its lowest levels against the greenback since May 2010 after yesterday's Ivey PMI release fell short of forecast coming in at 46.3 (expected 55). An index below 50 indicates a decline of purchasing activity and the economy is in contractionary territory. Data is light this morning with only the US ADP Employment report which came in at 238K (expected 205k) and FOMC minutes to be released at 2pm EST.

The US dollar continues to strengthen against the EUR and the JPY before the Fed releases minutes of its December meeting. Minutes from last month's meeting could provide details on the Fed's direction and any plans to cut the bond buying. The San Francisco Fed President, John Williams, said the bond buying program may end this year. "The Fed is going to continue to push the message of moderate tapering but I think they will provide a very bullish outlook for the economy," said Ian Stannard, head of the European Foreign Exchange Strategy at Morgan Stanley. "We are looking for the dollar to continue to gain broad-based support versus the G10 currencies." The dollar appreciated 0.2% to \$1.3588 against the EUR at 7:20 a.m. EST

The Eurozone seasonally-adjusted unemployment stayed at a record high of 12.1% in November, the 8th consecutive month it has remained at this level. Total jobless number hit 19.24M, indicating signs the pace of recovery in the euro area is not currently at a strong enough pace. Though Germany and Austria recorded the lowest unemployment rates in November, with 5.2% and 4.8% respectively, other countries within the region saw a rise in unemployment with Italy coming in at 12.7%, Spain at 26.7% and Greece at 27.4%. Christine Lagarde of the IMF, described the overall unemployment rate of 12% in the area is "far too high". The news, combined with yesterday's soft flash CPI numbers, has increased speculation that ECB will maintain a notably dovish tone in its meeting tomorrow and we are likely to see weakness in the EUR going forward. Other fundamental data released today may lessen this strain. Improved retail sales numbers for November offered some optimism, reported at 1.4% versus economists' forecast of 0.1%. Portugal and France were among the strongest performers with sales rising 3.1% and 2.1% respectively.

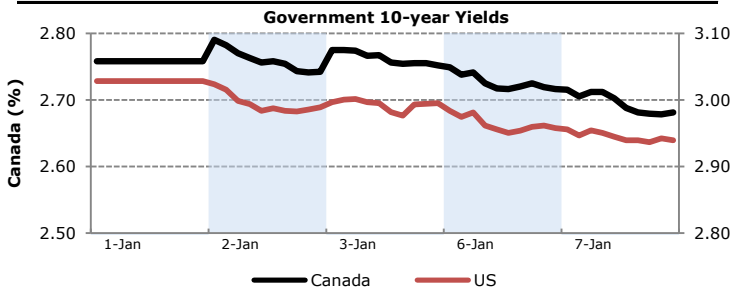
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

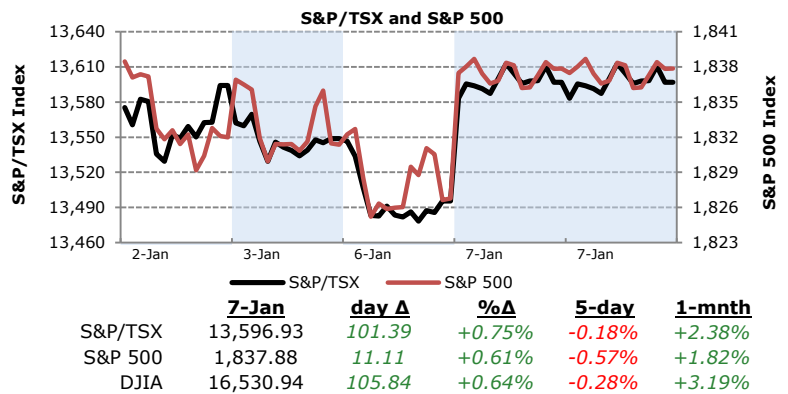
United States	Period	Survey	Actual	Prior
ADP Employment Change	31-Dec	200K	238K	215K

Canada	Period	Survey	Actual	Prior
None Scheduled				

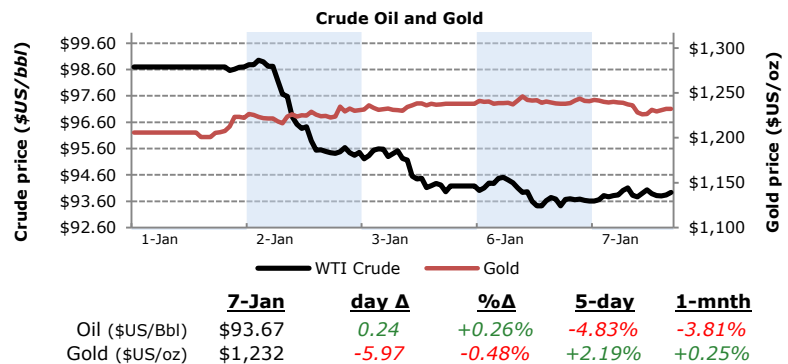
Interest Rates



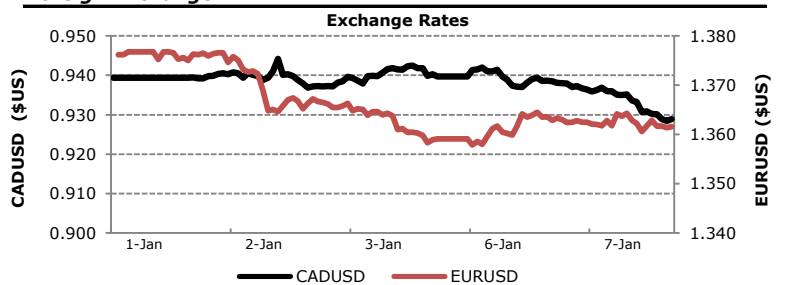
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	7-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.077	+0.011	1.062	1.065	0.988
EURUSD	\$1.362	-0.001	1.374	1.367	1.306
USDJPY	¥104.60	+0.380	105.310	101.79	87.88

Government 10-year Yields

	7-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.68%	-0.035%	2.69%	2.58%	1.94%
United States	2.94%	-0.019%	2.86%	2.66%	1.90%

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/>



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Rotman Finance Association

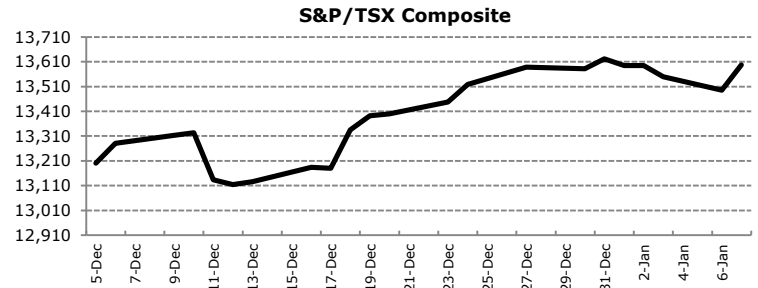


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

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

	7-Jan	day Δ	%Δ
S&P/TSX	13,596.93	101.39	+0.75%

	Trailing S&P/TSX	TSX 60
5-day	-0.18%	-0.46%
1-month	+2.38%	+2.10%
3-months	+6.32%	+6.31%
6-months	+12.05%	+12.34%
12-months	+8.78%	+9.00%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.76%	-0.07%	+1.74%	+39.02%
C. Staples	+0.95%	+0.56%	+0.92%	+23.11%
Energy	+1.13%	-0.26%	+1.50%	+7.92%
Financials	-0.08%	-1.57%	+1.06%	+19.03%
Healthcare	+5.38%	+5.46%	+11.05%	+41.94%
Info Tech	+1.49%	+2.53%	+9.48%	+36.93%
Industrials	+0.50%	-0.84%	-0.64%	+30.27%
Materials	+0.37%	+1.93%	+7.65%	-28.21%
Metals & Mining	-0.04%	-1.73%	+6.86%	-25.63%
Telecom	+0.53%	-0.25%	-0.55%	+6.05%
Utilities	+0.71%	+0.87%	+0.56%	-9.35%

TSX Top Performers

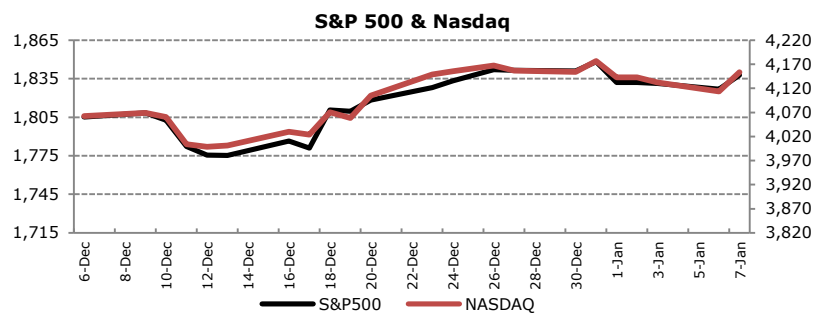
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Valeant Pharmaceuticals I		+12.53%	+8.35%	+17.70%	+123.37%
Atlantic Power Corp		+8.08%	+4.58%	+14.45%	-66.52%
Blackberry Ltd		+7.40%	+15.70%	+45.77%	-22.28%
Turquoise Hill Resources		+6.02%	+0.28%	-1.40%	-49.51%
Advantage Oil & Gas Ltd		+5.59%	+6.51%	+9.11%	+52.01%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
First Quantum Minerals Lt		-2.88%	-3.08%	+7.85%	-14.56%
Detour Gold Corp		-2.51%	+22.93%	+40.78%	-79.16%
Sherritt International Co		-2.47%	-4.05%	+14.15%	-41.42%
Northern Property Real Es		-2.45%	+1.73%	+4.59%	-9.75%
Savanna Energy Services C		-1.90%	-2.94%	+3.90%	+10.89%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
7-Jan	1,837.88	16,530.94	4,153.18
1-day	+0.61%	+0.64%	+0.96%
5-day	-0.57%	-0.28%	-0.56%
1-month	+1.82%	+3.19%	+2.23%
3-months	+9.65%	+10.68%	+10.15%
6-months	+12.62%	+9.22%	+19.37%
12-months	+25.72%	+23.51%	+34.02%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.56%	-0.79%	+2.07%	+36.51%
C. Staples	+0.53%	-1.17%	-1.02%	+18.91%
Energy	+0.89%	-0.62%	+2.33%	+18.61%
Financials	+0.04%	+0.28%	+2.73%	+28.87%
Healthcare	+1.01%	+0.28%	+1.00%	+35.36%
Info Tech	+0.92%	-0.87%	+2.46%	+23.17%
Industrials	+0.49%	-1.13%	+2.95%	+32.55%
Materials	-0.16%	-1.65%	+3.05%	+17.61%
Telecom	+0.54%	-0.28%	+0.32%	+1.97%
Utilities	+0.91%	-0.84%	-1.13%	+6.57%

DJIA Top Performers

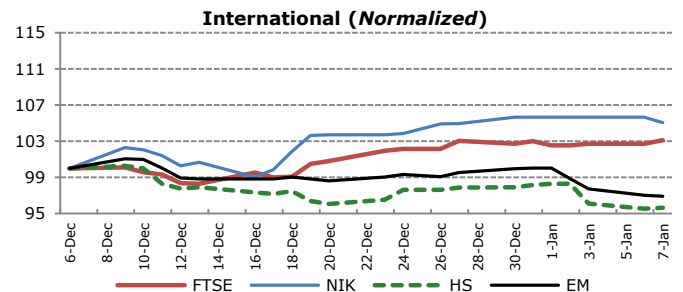
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Unitedhealth Group Inc		+3.06%	+1.61%	+4.10%	+46.88%
Johnson & Johnson		+2.12%	+2.95%	-0.16%	+32.06%
Intl Business Machines Co		+1.99%	+1.14%	+6.78%	-1.78%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Jpmorgan Chase & Co		-1.15%	-0.27%	+4.03%	+28.43%
Du Pont (E.I.) De Nemours		-1.00%	-4.06%	+1.61%	+36.09%
Goldman Sachs Group Inc		-0.60%	+0.58%	+6.63%	+32.79%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,755.45	15,814.37	22,712.78	971.48
1-day	+0.37%	-0.59%	+0.13%	-0.10%
5-day	+0.09%	-	-2.55%	-3.11%
1-month	+3.11%	+3.36%	-4.34%	-3.07%
3-months	+4.94%	+14.16%	-1.14%	-3.30%
6-months	+5.96%	+10.51%	+8.91%	+5.87%
12-months	+11.39%	+49.21%	-2.64%	-9.69%



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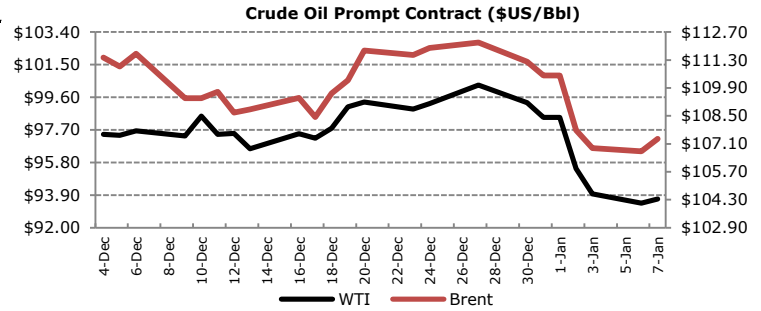
Nymex WTI Crude Oil

(\$US/Bbl)	7-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$93.67	+\$0.24	+0.26%	-4.83%	-3.81%
Cal 14	\$91.89	-\$0.08	-0.08%	-4.43%	-2.18%
Cal 15	\$85.66	-\$0.75	-0.87%	-3.48%	-3.21%

(\$US/bbl)	Q2-14	Q3-14	Q4-14	Q1-15	2015
Consensus Forecast	\$95.00	\$96.00	\$95.00	\$94.45	\$95.00
Current Forward	\$93.31	\$91.48	\$89.62	\$87.77	\$85.66

Inventory Levels (as of Dec-27)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	360,567	-7,007	337,426	319,411
Motor Gas	220,716	+844	214,389	200,481
Distillates	119,147	+5,042	171,756	140,851



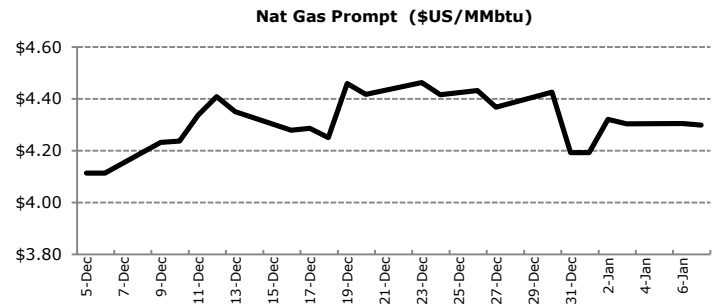
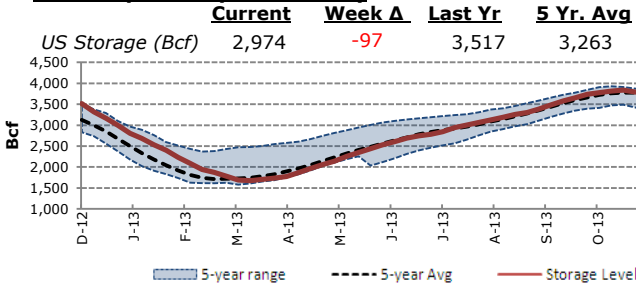
UK Brent Crude Oil

(\$US/Bbl)	7-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$107.35	+\$0.62	+0.58%	-2.88%	-3.27%

Nymex Natural Gas

(\$US/MMbtu)	7-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.30	-\$0.01	-0.16%	+2.53%	+4.50%
Feb14-Mar14	\$4.20	-\$0.02	-0.52%	+1.31%	+10.52%
Apr14-Oct14	\$4.17	-\$0.03	-0.72%	+0.98%	+8.70%
Nov14-Mar15	\$4.35	-\$0.04	-0.82%	+0.85%	+7.15%
Apr15-Oct15	\$4.06	-\$0.04	-0.95%	+0.42%	+3.10%

Inventory Levels (as of Dec-27)

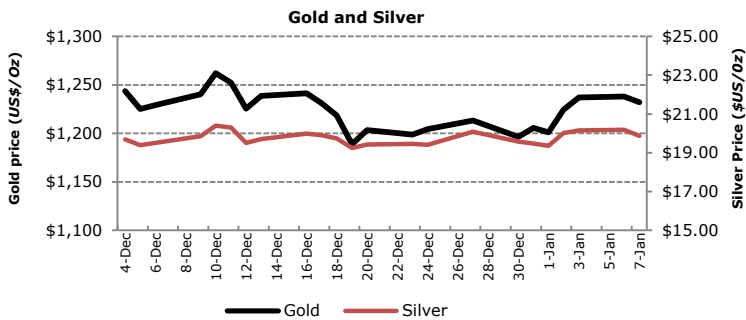


Alberta Natural Gas

(\$CAD/GJ)	7-Jan	day Δ	%Δ
AECO Feb-14	\$3.89	+\$0.06	+1.4%

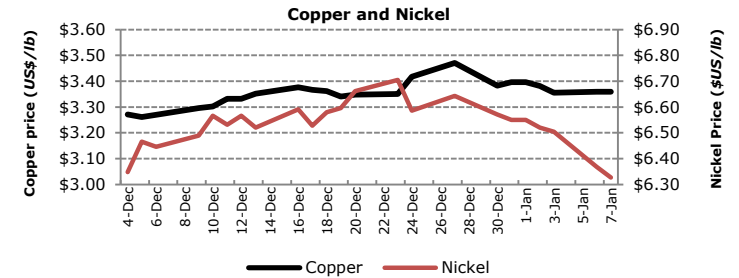
Precious Metals

\$US/oz	7-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,232.10	-\$5.97	-0.5%	+2.2%	+0.2%	-3.2%
Silver	\$19.87	-\$0.32	-1.6%	+2.1%	+1.9%	-6.5%
Platinum	\$1,416	-\$2.00	-0.1%	+3.4%	+4.2%	+2.7%



Industrial Metals

\$US/lb	7-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.36	+\$0.00	0.0%	-1.1%	+2.8%	+1.7%
Nickel	\$6.33	-\$0.04	-0.6%	-3.4%	-1.8%	-3.0%
Zinc	\$1.02	+\$0.01	+1.1%	-1.5%	+8.1%	+8.6%
Aluminum	\$0.79	+\$0.01	+1.3%	-1.3%	0.0%	-4.8%
Uranium	\$34.70	+\$0.00	0.0%	+0.9%	-0.1%	-1.3%



Agriculture & Other

	7-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.26	-\$0.02	-0.4%	+0.9%	-2.7%
Wheat (\$US/bu)	\$6.03	-\$0.03	-0.5%	-0.5%	-7.4%
Soybeans (\$US/bu)	\$12.76	-\$0.01	-0.1%	-1.3%	-3.8%
Rough Rice (\$US/cwt)	\$15.48	-\$0.15	-1.0%	+1.3%	-1.2%
Sugar #11 (¢US/lb)	¢16.06	¢-0.02	-0.1%	-2.1%	-3.0%
Lean Hogs (¢US/lb)	¢85.53	¢-1.10	-1.3%	+0.1%	-4.8%
Live Cattle (¢US/lb)	¢136.53	¢-0.30	-0.2%	+1.4%	+2.6%
Cotton No.2 (\$US/lb)	\$0.85	+\$0.01	+1.2%	+0.0%	+5.4%
Lumber (\$US/Mbft)	\$359.40	+\$2.40	+0.7%	-2.6%	+2.7%

Commodity ETFs

	7-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.21	+\$0.00	+0.0%	-9.7%	-7.9%
HBP Nat Gas U	\$13.05	+\$0.15	+1.2%	+3.4%	+8.5%
iShares Gold ETF	\$10.94	-\$0.05	-0.5%	+2.4%	+0.1%
\$USD					
US Crude Oil	\$33.58	+\$0.01	+0.0%	-4.93%	-3.8%
US Nat Gas	\$21.04	+\$0.08	+0.4%	1.69%	+1.6%
PSDB Agriculture	\$24.40	-\$0.15	-0.6%	0.62%	-1.0%
PSDB Base Metals	\$16.67	+\$0.06	+0.4%	-1.13%	+2.8%

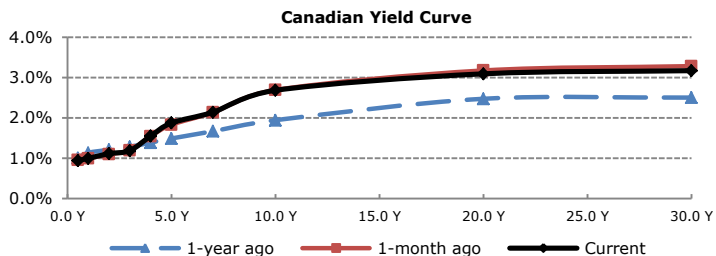
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Interest Rates

Canadian yield curve

	7-Jan	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.93%	0.92%	0.91%
6-mnth	0.94%	-	0.95%	0.97%	1.00%
12-mnth	1.00%	+0.00%	0.99%	1.02%	1.13%
2-year	1.11%	-0.02%	1.09%	1.20%	1.21%
5-year	1.87%	-0.04%	1.83%	1.89%	1.49%
10-year	2.68%	-0.04%	2.69%	2.58%	1.94%
20-year	3.09%	-0.03%	3.17%	3.06%	2.47%
30-year	3.17%	-0.02%	3.28%	3.13%	2.50%

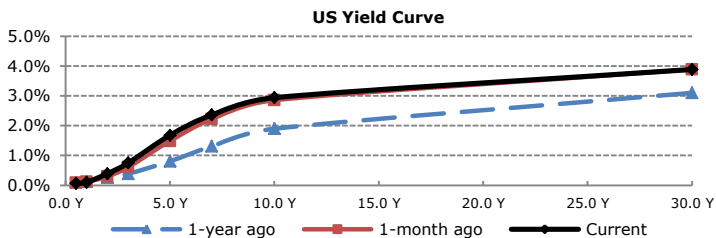
Historical Levels



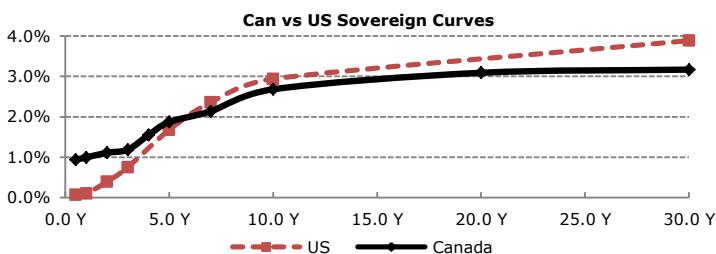
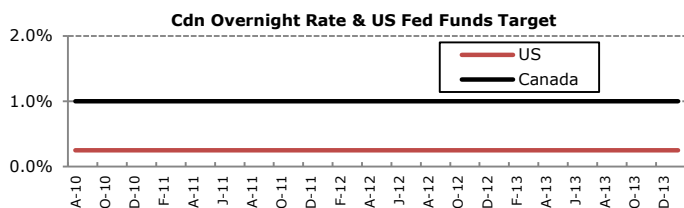
US yield curve

	7-Jan	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.04%	-0.01%	0.06%	0.04%	0.06%
6-mnth	0.07%	-	0.09%	0.08%	0.10%
12-mnth	0.10%	-0.00%	0.12%	0.14%	0.13%
2-year	0.39%	-0.00%	0.30%	0.36%	0.26%
5-year	1.68%	-0.01%	1.49%	1.42%	0.81%
10-year	2.94%	-0.02%	2.86%	2.66%	1.90%
30-year	3.88%	-0.02%	3.89%	3.74%	3.10%

Historical Levels



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	0-Jan-00	1.25%
US Fed Funds	0.25%	0.25%	0-Jan-00	0.06%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	7-Jan	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.077		+0.011	1.065	1.029	0.988
EURUSD	\$1.362		-0.001	1.367	1.356	1.306
USDJPY	¥104.60		+0.380	101.79	97.48	87.88
GBPUSD	\$1.640		-0.000	1.633	1.601	1.602
AUDUSD	\$0.893		-0.004	0.906	0.944	1.051

	Spot	7-Jan	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥97.16		-0.650	95.54	94.68	88.98
CADAUD	\$1.041		-0.006	1.036	1.030	0.963
GBPCAD	£1.766		+0.018	1.740	1.648	1.582
EURJPY	¥142.42		+0.380	139.12	132.14	114.81
EURAUD	\$1.53		+0.005	1.51	1.44	1.24

Economic Releases

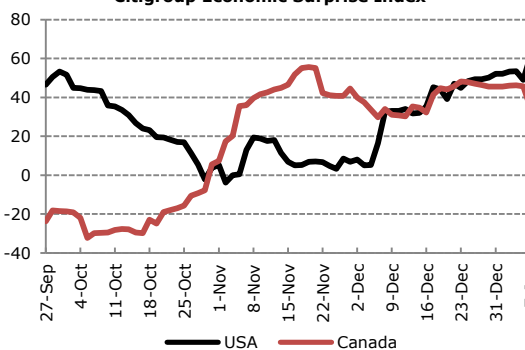
United States

		Period	Survey	Actual	Prior
Mon, Jan 06	Factory Orders	30-Nov	1.7%	1.8%	-0.9%
Tue, Jan 07	Trade Balance	30-Nov	-40B	-34.3B	-40.6B
Wed, Jan 08	ADP Employment Change	31-Dec	200K	238K	215K
Thu, Jan 09	Continuing Claims	28-Dec	2850K	--	2833K
Thu, Jan 09	Initial Jobless Claims	4-Jan	335K	--	339K
Fri, Jan 10	Nonfarm Payroll	31-Dec	195K	--	204K
Fri, Jan 10	Unemployment Rate	31-Dec	7%	--	0%

Canada

		Period	Survey	Actual	Prior
Thu, Jan 09	Building Permits (MoM)	30-Nov	-2.7%	--	7.4%
Thu, Jan 09	Housing Starts	31-Dec	190K	--	192.2K
Fri, Jan 10	Net Change in Employment	31-Dec	14.1K	--	21.6K
Fri, Jan 10	Unemployment	31-Dec	6.9%	--	0%

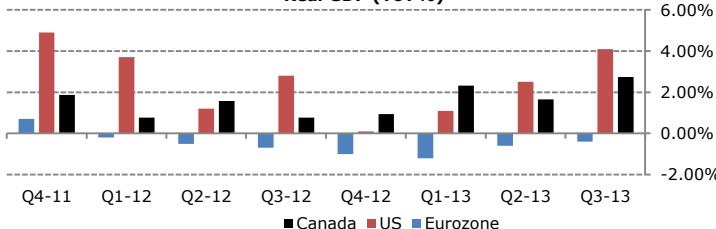
Citigroup Economic Surprise Index



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%	1.70%
CPI	1.90%	1.70%	1.43%	1.57%	1.50%
Unemployment	7.80%	7.60%	7.60%	7.20%	7.40%
China					
Real GDP	7.90%	7.70%	7.50%	7.80%	7.60%

Real GDP (YoY%)



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