

Today's Commentary

Stocks were relatively flat Thursday with the S&P 500 at 1,838.13 (+0.03%) and the TSX at 13,629.41 (+0.11%) ahead of today's employment statistics. This morning, the 10 year government yields are also little changed with the 10-year notes for the US and Canada at 2.96% and 2.67% respectively. The Canadian dollar also continued to depreciate versus the USD and now stands at 1.09 CAD per 1 USD. In the commodities space gold and oil gained as West Texas Intermediate now stands at 92.84 USD/bbl (+1.29%) and gold is trading at 1,234.11 USD/t oz (+0.50%).

The US unemployment rate dropped to a 5 year low of 6.7%, however this is mostly due to more people exiting the labour force. In the month of December, severe weather impaired more than a quarter million Americans from working. The participation rate decreased to 62.8% in December, the lowest since 1978. US non-farm payrolls rose only 74k, less than half of analyst estimates of 196k, offsetting the positive looking 6.7% unemployment rate. Across the border, the Canadian jobless rate unexpectedly rose to 7.2% from 6.9% in December, led by a large drop in full time employment of -45.9k vs. an expectation of an increase of 14.1k. Employment growth in 2013 overall averaged 8.5k per month, compared with 25,900 in 2012. A weaker job market, coupled with sluggish exports and business investments are hampering economic growth in Canada. Last month, BoC Governor Stephen Poloz predicted the economy won't reach full output for two years.

The US dollar reached a 5 year high against yen this morning but a less robust payroll report soon triggered the currency to retreat, trading back down in the 104.5 range. "The market is signalling that we might be getting ahead of ourselves," Russell Price, senior economist with Ameriprise Financial Inc. "It could be that the economy is improving, but just not as fast as we expected." On the other hand, the British pound dropped the most in a week against the dollar as the UK industry and manufacturing both unexpectedly stagnated in November, indicating the economy is struggling to maintain momentum and may experience a slower gradual recovery.

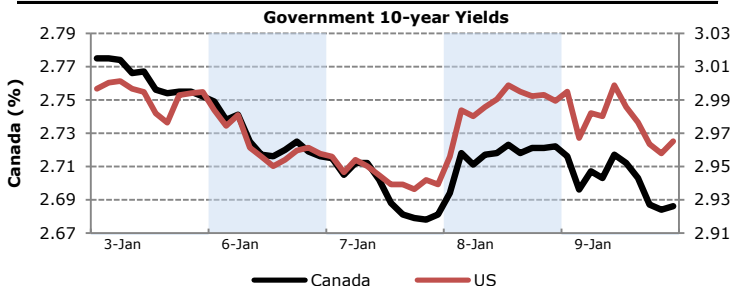
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

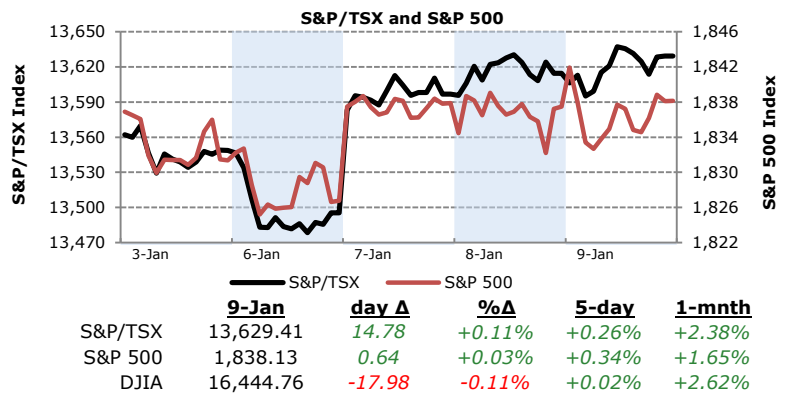
United States	Period	Survey	Actual	Prior
Nonfarm Payroll	31-Dec	197K	74K	241K
Unemployment Rate	31-Dec	7%	6.7%	7.0%

Canada	Period	Survey	Actual	Prior
Net Change in Employment	31-Dec	14.1K	-45.9K	21.6K
Unemployment	31-Dec	6.9%	0.072	0.069

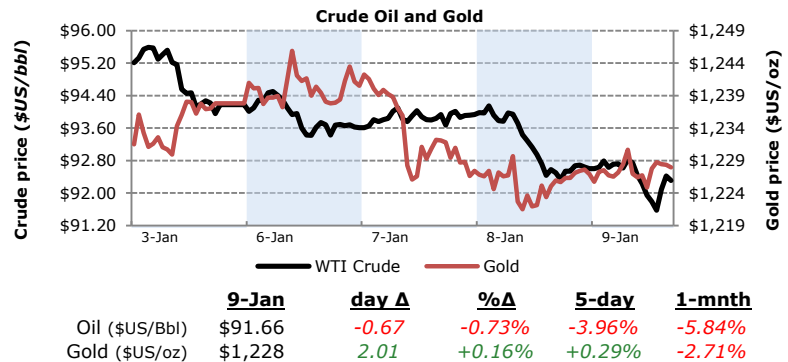
Interest Rates



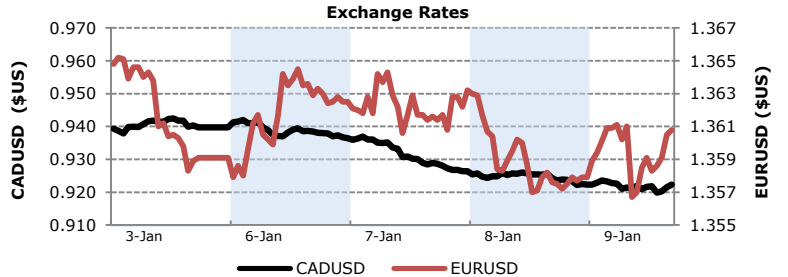
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	9-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.084	+0.002	1.067	1.063	0.985
EURUSD	\$1.361	+0.003	1.367	1.374	1.334
USDJPY	¥104.82	-0.040	104.810	103.27	89.18

Government 10-year Yields

	9-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.69%	-0.036%	2.61%	2.60%	1.91%
United States	2.97%	-0.024%	2.80%	2.69%	1.86%

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

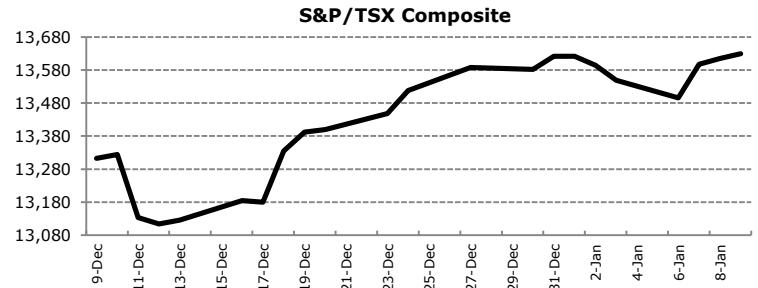


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

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

	9-Jan	day Δ	%Δ
S&P/TSX	13,629.41	14.78	+0.11%

Trailing	S&P/TSX	TSX 60
5-day	+0.26%	+0.25%
1-month	+2.38%	+2.29%
3-months	+7.06%	+7.22%
6-months	+10.83%	+11.07%
12-months	+8.84%	+9.30%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.04%	+0.51%	+1.43%	+38.40%
C. Staples	+0.01%	+0.85%	+1.59%	+24.10%
Energy	-0.67%	-0.47%	+0.35%	+7.29%
Financials	+0.50%	-0.15%	+1.51%	+19.79%
Healthcare	+1.58%	+8.24%	+15.22%	+43.82%
Info Tech	+0.06%	+3.30%	+11.17%	+37.32%
Industrials	+0.56%	-0.21%	-0.24%	+28.64%
Materials	-0.81%	-0.61%	+6.02%	-28.75%
Metals & Mining	-1.86%	-2.61%	+4.95%	-25.28%
Telecom	-0.63%	-0.86%	-2.12%	+6.08%
Utilities	-0.24%	+1.27%	+0.99%	-9.19%

TSX Top Performers

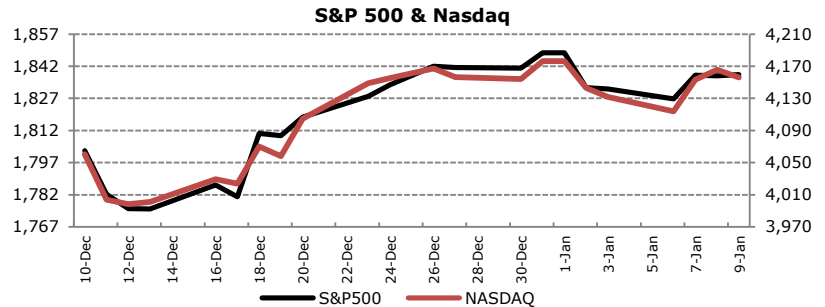
Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Air Canada-Class B	+8.61%	+9.50%	+3.11%	+271.50%
Blackpearl Resources Inc	+5.08%	+10.22%	+4.20%	-18.95%
Valeant Pharmaceuticals I	+3.51%	+14.80%	+25.02%	+127.61%
Manulife Financial Corp	+3.00%	+6.08%	+8.86%	+55.63%
Blackberry Ltd	+2.93%	+15.35%	+54.99%	-16.93%

TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Advantage Oil & Gas Ltd	-5.12%	+0.22%	+2.66%	+47.45%
Bankers Petroleum Ltd	-4.77%	+0.46%	+8.66%	+52.43%
Lightstream Resources Ltd	-4.39%	-0.68%	+7.69%	-44.27%
Penn West Petroleum Ltd	-3.94%	-1.63%	-2.90%	-16.31%
Transcontinental Inc-Cl A	-3.85%	-5.93%	-13.09%	+19.08%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
9-Jan	1,838.13	16,444.76	4,156.19
1-day	+0.03%	-0.11%	-0.23%
5-day	+0.34%	+0.02%	+0.32%
1-month	+1.65%	+2.62%	+2.15%
3-months	+10.97%	+11.09%	+13.01%
6-months	+11.25%	+7.48%	+18.60%
12-months	+25.81%	+22.81%	+33.82%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.12%	-0.58%	+1.90%	+36.22%
C. Staples	+0.43%	-0.36%	-1.49%	+18.59%
Energy	-0.37%	-0.35%	+1.17%	+17.79%
Financials	+0.33%	+1.51%	+3.04%	+30.33%
Healthcare	+0.73%	+2.47%	+2.44%	+36.08%
Info Tech	-0.56%	-0.28%	+1.71%	+22.61%
Industrials	+0.36%	+0.43%	+2.96%	+32.74%
Materials	-0.42%	-0.81%	+2.68%	+16.81%
Telecom	-1.89%	-3.25%	-3.58%	+1.33%
Utilities	+0.57%	+0.74%	-0.56%	+7.03%

DJIA Top Performers

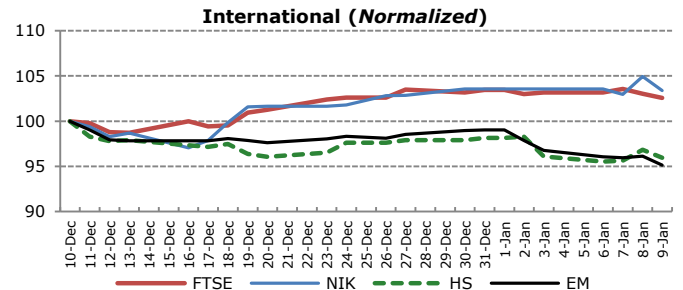
Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Du Pont (E.I.) De Nemours	+1.28%	+0.36%	+4.15%	+37.68%
Boeing Co/The	+0.93%	+4.00%	+5.53%	+85.16%
Caterpillar Inc	+0.64%	-0.18%	+4.20%	-5.01%

DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Verizon Communications In	-2.06%	-3.06%	-4.18%	+10.47%
At&T Inc	-2.04%	-4.03%	-3.32%	-2.04%
Exxon Mobil Corp	-0.97%	+0.01%	+4.09%	+13.18%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,691.34	15,880.33	22,787.33	963.11
1-day	-0.45%	-1.50%	-0.91%	-1.03%
5-day	-0.40%	-	-2.37%	-2.79%
1-month	+2.01%	+1.47%	-4.30%	-4.90%
3-months	+5.58%	+13.13%	-1.07%	-4.23%
6-months	+2.74%	+9.72%	+10.17%	+5.52%
12-months	+9.72%	+50.12%	-1.86%	-10.24%

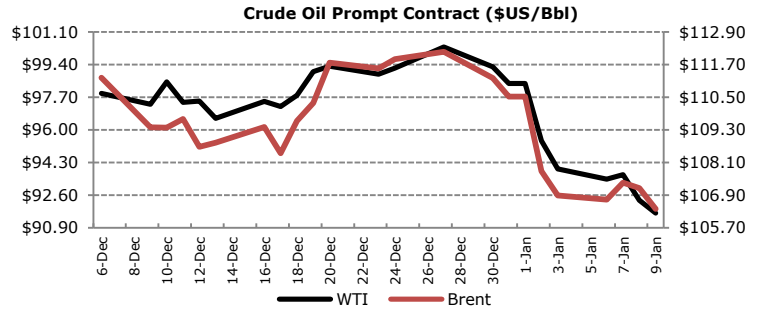


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Nymex WTI Crude Oil

(\$US/Bbl)	9-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$91.66	-\$0.67	-0.73%	-3.96%	-5.84%
Cal 14	\$90.30	-\$0.45	-0.50%	-3.57%	-3.05%
Cal 15	\$84.50	-\$0.26	-0.31%	-3.03%	-4.29%

(\$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	\$91.62	\$90.03	\$88.25	\$86.50	\$84.50



Inventory Levels (as of Jan-03)

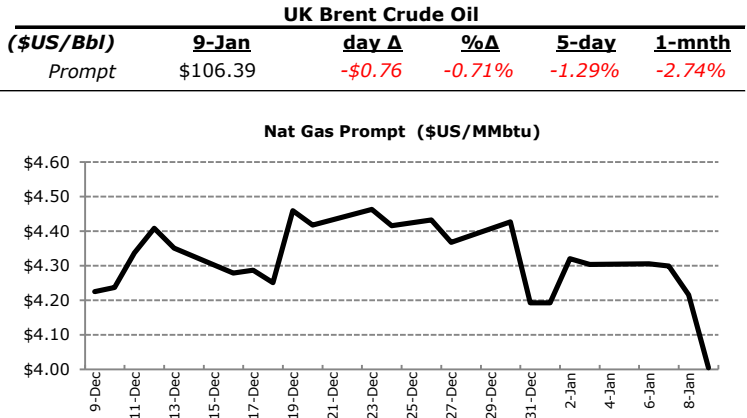
(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	357,892	-2,675	337,426	319,411
Motor Gas	226,959	+6,243	214,389	200,481
Distillates	124,973	+5,826	171,756	140,851

UK Brent Crude Oil

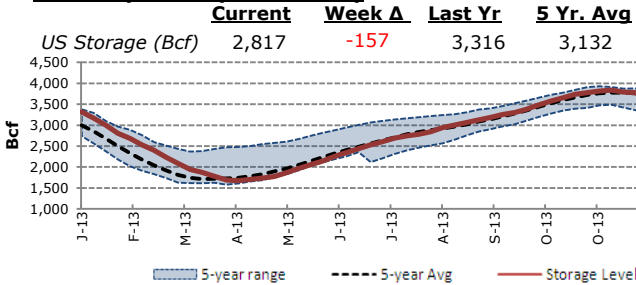
(\$US/Bbl)	9-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$106.39	-\$0.76	-0.71%	-1.29%	-2.74%

Nymex Natural Gas

(\$US/MMbtu)	9-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.01	-\$0.21	-5.00%	-7.31%	-5.48%
Feb14-Mar14	\$3.94	-\$0.17	-4.25%	-6.99%	+1.95%
Apr14-Oct14	\$3.93	-\$0.15	-3.77%	-6.67%	+0.83%
Nov14-Mar15	\$4.13	-\$0.14	-3.22%	-5.94%	+0.26%
Apr15-Oct15	\$3.90	-\$0.08	-2.00%	-4.60%	-2.06%



Inventory Levels (as of Jan-03)

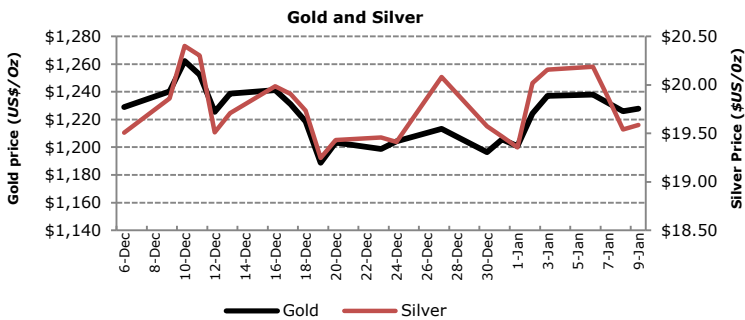


Alberta Natural Gas

(\$CAD/GJ)	9-Jan	day Δ	%Δ
AECO Feb-14	\$3.61	-\$0.16	-4.3%

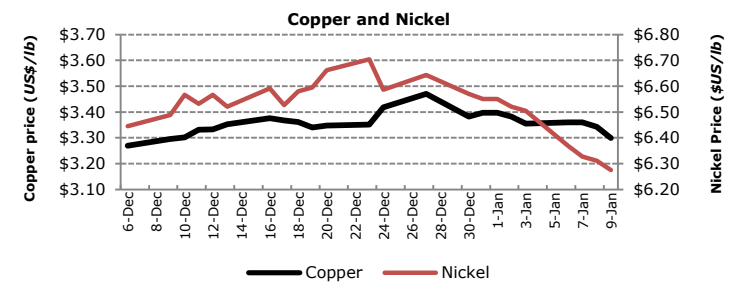
Precious Metals

\$US/oz	9-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,227.95	+\$2.01	+0.2%	+0.3%	-2.7%	-4.3%
Silver	\$19.59	+\$0.05	+0.2%	-2.2%	-4.0%	-8.5%
Platinum	\$1,418	+\$0.85	+0.1%	+1.0%	+2.0%	+1.3%



Industrial Metals

\$US/lb	9-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.30	-\$0.04	-1.3%	-2.4%	-0.1%	-0.3%
Nickel	\$6.28	-\$0.04	-0.6%	-3.8%	-4.4%	-3.3%
Zinc	\$1.01	-\$0.01	-1.4%	-3.0%	+3.6%	+8.1%
Aluminum	\$0.78	-\$0.01	-1.3%	-2.5%	-2.5%	-3.7%
Uranium	\$35.05	+\$0.10	+0.3%	+2.3%	+0.4%	-0.3%



Agriculture & Other

	9-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.12	-\$0.05	-1.2%	-2.0%	-6.2%
Wheat (\$US/bu)	\$5.84	-\$0.04	-0.8%	-2.1%	-8.8%
Soybeans (\$US/bu)	\$12.74	+\$0.04	+0.4%	+0.3%	-4.1%
Rough Rice (\$US/cwt)	\$15.41	-\$0.14	-0.9%	-0.7%	-1.0%
Sugar #11 (¢US/lb)	¢15.48	¢-0.26	-1.7%	-5.0%	-6.2%
Lean Hogs (¢US/lb)	¢90.73	¢-0.38	-0.4%	-1.2%	-1.1%
Live Cattle (¢US/lb)	¢136.55	¢+0.03	+0.0%	+0.7%	+2.8%
Cotton No.2 (\$US/lb)	\$0.83	-\$0.00	-0.4%	-1.5%	+0.4%
Lumber (\$US/Mbft)	\$369.30	+\$10.00	+2.8%	+2.2%	+2.8%

Commodity ETFs

	9-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.09	-\$0.01	-0.2%	-6.6%	-10.3%
HBP Nat Gas U	\$11.39	-\$0.99	-8.0%	-11.9%	-9.8%
iShares Gold ETF	\$10.92	+\$0.06	+0.6%	+0.3%	-0.8%
\$USD					
US Crude Oil	\$33.08	-\$0.08	-0.2%	-3.36%	-5.4%
US Nat Gas	\$19.69	-\$0.80	-3.9%	-5.92%	-7.2%
PSDB Agriculture	\$24.12	-\$0.20	-0.8%	-0.21%	-2.2%
PSDB Base Metals	\$16.34	-\$0.27	-1.6%	-2.97%	-0.8%

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Interest Rates

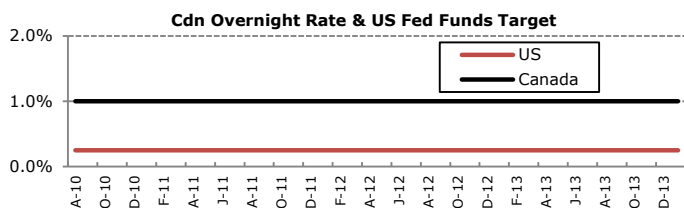
Canadian yield curve

	9-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.88%	-	0.93%	0.91%	0.91%
6-mnth	0.93%	-	0.95%	0.94%	0.99%
12-mnth	0.98%	-0.00%	0.99%	1.01%	1.10%
2-year	1.10%	-0.01%	1.08%	1.21%	1.17%
5-year	1.87%	-0.03%	1.78%	1.90%	1.44%
10-year	2.69%	-0.04%	2.61%	2.60%	1.91%
20-year	3.11%	-0.03%	3.08%	3.08%	2.44%
30-year	3.19%	-0.02%	3.18%	3.15%	2.48%

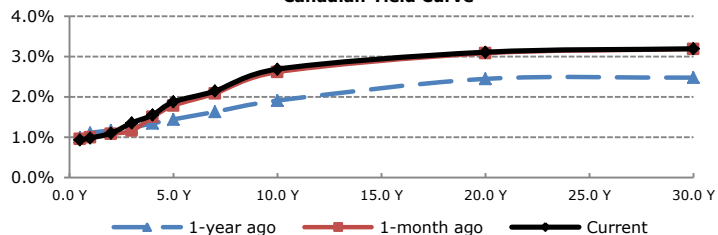
US yield curve

	9-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.04%	+0.01%	0.07%	0.06%	0.06%
6-mnth	0.06%	-0.01%	0.09%	0.07%	0.09%
12-mnth	0.12%	-	0.11%	0.13%	0.13%
2-year	0.43%	+0.00%	0.30%	0.35%	0.24%
5-year	1.75%	-0.01%	1.45%	1.42%	0.77%
10-year	2.97%	-0.02%	2.80%	2.69%	1.86%
30-year	3.88%	-0.01%	3.84%	3.75%	3.06%

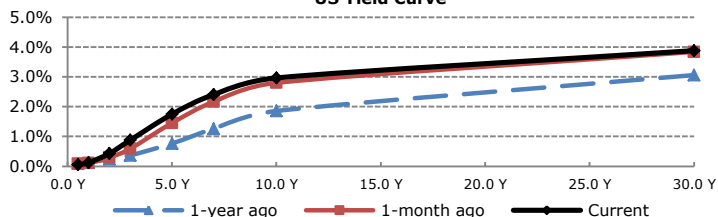
	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	0-Jan-00	1.00%
US Fed Funds	0.25%	0.25%	0-Jan-00	0.25%



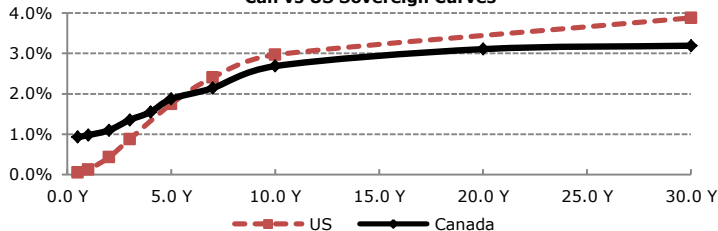
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	9-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.084	+0.002	1.063	1.037	0.985
EURUSD	\$1.361	+0.003	1.374	1.357	1.334
USDJPY	¥104.82	-0.040	103.27	96.88	89.18
GBPUSD	\$1.648	+0.003	1.643	1.608	1.613
AUDUSD	\$0.890	-0.000	0.911	0.942	1.054

Spot	9-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥96.67	-0.239	97.18	93.44	90.56
CADAUD	\$1.036	-0.002	1.033	1.023	0.964
GBP CAD	£1.787	+0.007	1.746	1.668	1.589
EURJPY	¥142.65	+0.300	141.88	131.49	119.01
EURAUD	\$1.53	+0.004	1.51	1.44	1.27

Economic Releases

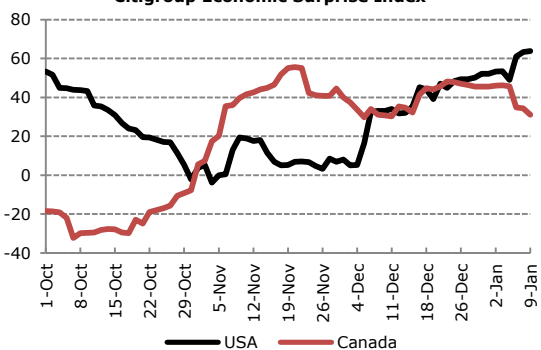
United States

		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	2865K	2833K
Thu, Jan 09	Initial Jobless Claims	4-Jan	335K	330K	339K
Fri, Jan 10	Nonfarm Payroll	31-Jan	197K	74K	241K
Fri, Jan 10	Unemployment Rate	31-Dec	7%	6.7%	7%

Canada

		Period	Survey	Actual	Prior
Thu, Jan 09	Building Permits (MoM)	30-Nov	-2.7%	-6.7%	7.4%
Thu, Jan 09	Housing Starts	31-Dec	190K	189,672	192.2K
Fri, Jan 10	Net Change in Employment	31-Dec	14.1K	-45.9K	21.6K
Fri, Jan 10	Unemployment	31-Dec	6.9%	7.2%	6.9%

Citigroup Economic Surprise Index



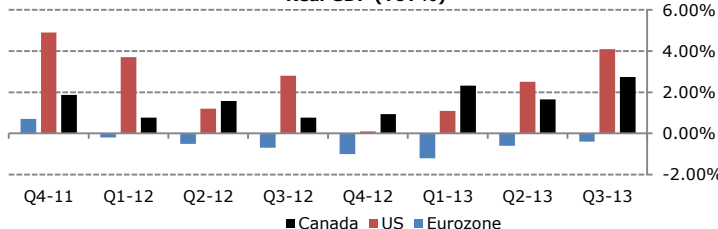
Economics

Canada	Q4-12	Q1-13	Q2-13	Q3-13	2013E
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	Q4-12	Q1-13	Q2-13	Q3-13	2013E
Real GDP	0.10%	1.10%	2.50%	4.10%	1.70%
CPI	1.90%	1.70%	1.43%	1.57%	1.50%
Unemployment	7.90%	7.50%	7.50%	7.20%	7.40%

China	Q4-12	Q1-13	Q2-13	Q3-13	2013E
Real GDP	7.90%	7.70%	7.50%	7.80%	7.70%

Real GDP (YoY%)



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