

Today's Commentary

Stocks ended the week positive with the S&P climbing +0.23% to 1,842.37 and the TSX +0.87% to 13,747.52. Bonds also saw buying with US 10-years yielding 2.86% and Canadas yielding 2.56%; gains of -10bps and -11bps respectively since Friday morning. Data is also quite light to start the week.

The Basel Committee has issued amendments to the leverage rule for banks' Liquidity Coverage Ratio (LCR) yesterday. The announcement comes as a relief to big investment banks as the modifications ease the capital requirements for products such as derivatives and repurchase agreements and other balance sheet items. The changes affect how banks calculate the size of their assets, but they do not change the percentage of required capital. Banks will also be required to disclose how well they meet the rule starting 2015, with the Basel II banking reform to kick in fully in 2018. The Committee has proposed banks to hold capital equivalent to 3% minimum of their assets, but some national regulators, including the US, want to go further. A source from the regulatory committee said the effect of the adjustments could be to raise big global banks' average leverage ratio from about 3.8% to just over 4%. Leverage ratios are designed to curb banks' reliance on debt by setting a minimum standard for how much capital they must hold as a percentage of all assets on their books.

The yuan rose to a 20 year high against the greenback as the lower than expected job number in US eased pressure that the Fed will cut stimulus further. The People's Bank of China strengthened the daily fixing by 0.1 to 6.095 against the dollar, the highest since the peg to the greenback was scrapped in July 2005. "Exports are doing relatively well and the trade balance is still exerting pressure for the currency to further appreciate," said Sean Yokoda, head of Asia strategy with Skandinaviska Enskilda Banken AB. The Chinese Central Bank has traditionally bought US treasuries to prevent the yuan from appreciating. Given the Fed is cutting stimulus program, it is unfavorable to continually accumulate Treasuries.

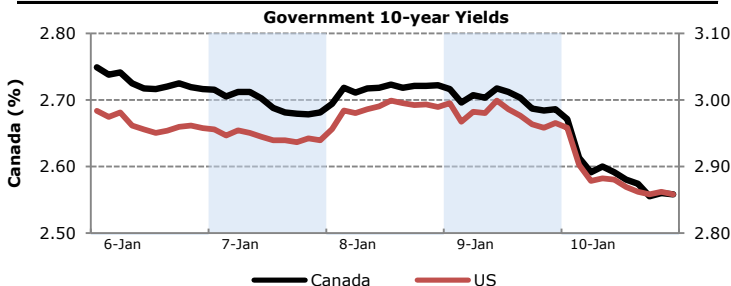
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

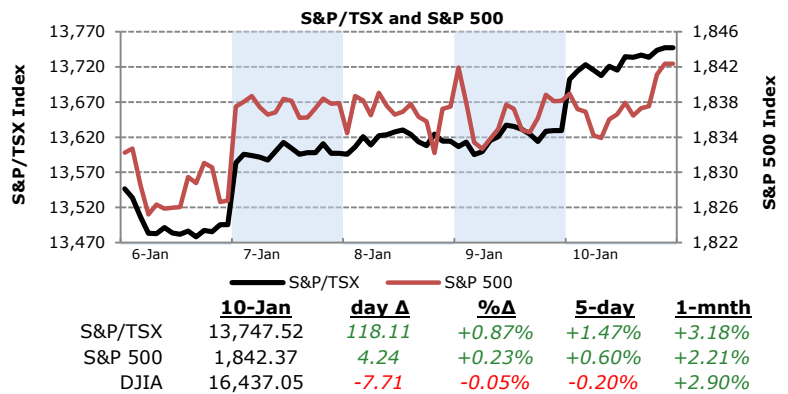
United States	Period	Survey	Actual	Prior
None Scheduled				
None Scheduled				
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

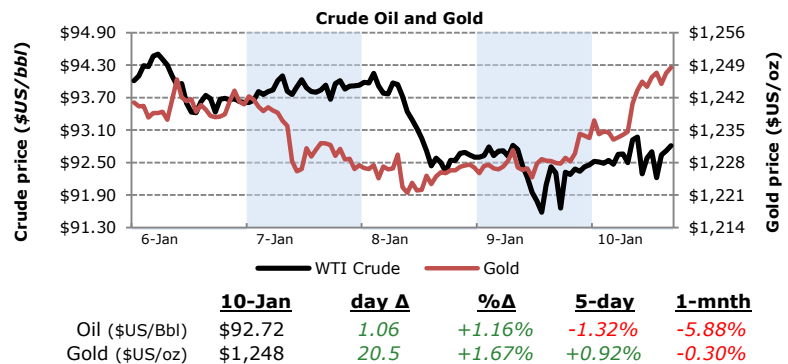
Interest Rates



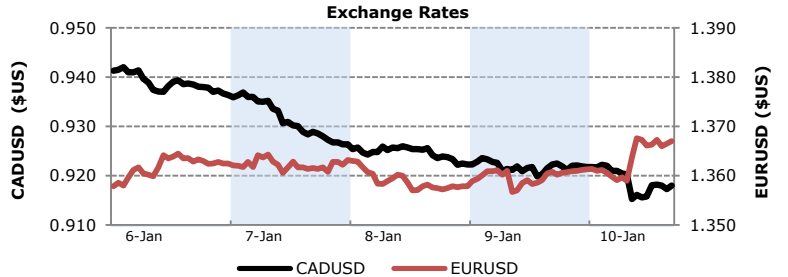
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	10-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.089	+0.005	1.064	1.060	0.984
EURUSD	\$1.367	+0.006	1.359	1.376	1.338
USDJPY	¥104.18	-0.640	104.860	102.85	89.48

Government 10-year Yields

	10-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.56%	-0.128%	2.65%	2.60%	1.96%
United States	2.86%	-0.107%	2.85%	2.69%	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/>

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>

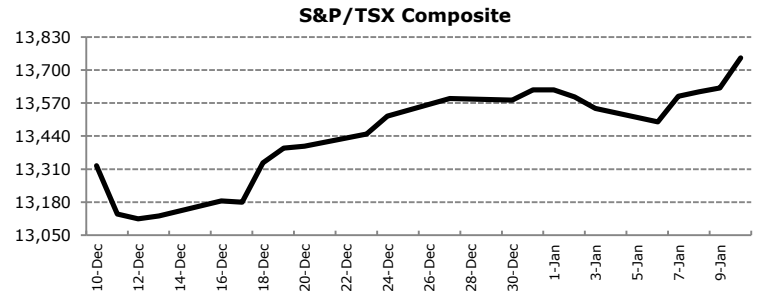
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	<u>10-Jan</u>	<u>day Δ</u>	<u>%Δ</u>
S&P/TSX	13,747.52	118.11	+0.87%

<u>Trailing</u>	<u>S&P/TSX</u>	<u>TSX 60</u>
5-day	+1.47%	+1.60%
1-month	+3.18%	+3.28%
3-months	+6.62%	+6.69%
6-months	+11.71%	+12.14%
12-months	+9.11%	+9.56%



TSX Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
C. Discretionary	+0.95%	+1.45%	+2.95%	+39.03%
C. Staples	+0.33%	+1.75%	+2.01%	+23.93%
Energy	+1.28%	+1.45%	+1.34%	+8.20%
Financials	+0.03%	+0.06%	+2.01%	+19.84%
Healthcare	+0.90%	+8.87%	+16.81%	+45.18%
Info Tech	-0.61%	+2.50%	+8.47%	+34.60%
Industrials	+1.74%	+1.48%	+1.70%	+29.70%
Materials	+2.43%	+2.84%	+6.71%	-28.35%
Metals & Mining	+1.30%	+0.09%	+7.23%	-25.73%
Telecom	+0.85%	+0.06%	-1.44%	+6.55%
Utilities	+0.45%	+2.03%	+1.35%	-9.19%

TSX Top Performers

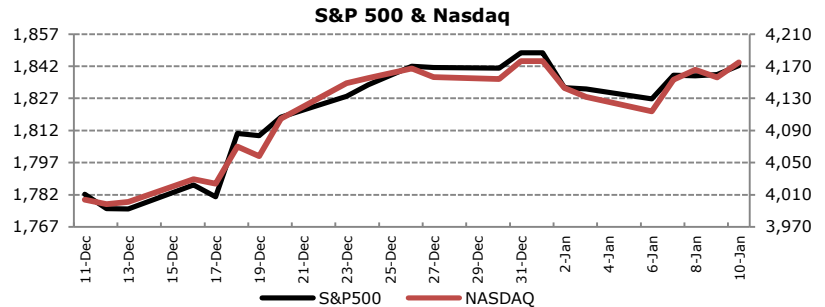
<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Torex Gold Resources Inc	+8.91%	+7.84%	+11.11%	-48.60%
Novagold Resources Inc	+7.77%	+6.64%	+18.22%	-37.37%
Silver Standard Resources	+7.69%	+6.58%	+21.47%	-39.97%
Aurico Gold Inc	+7.67%	+7.40%	+3.03%	-46.11%
Oceanagold Corp	+5.77%	+1.85%	+7.14%	-42.31%

TSX Worst Performers

<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Shawcor Ltd	-3.86%	-6.97%	-1.51%	-1.06%
Horizon North Logistics I	-2.58%	-3.96%	+0.12%	+34.94%
Cgi Group Inc - Class A	-2.50%	-1.69%	-7.41%	+44.96%
Badger Daylighting Ltd	-2.28%	+4.36%	+7.15%	+194.33%
Descartes Systems Grp/The	-2.18%	+1.56%	+3.38%	+59.56%

US Indices

<u>Trailing</u>	<u>S&P 500</u>	<u>DJIA</u>	<u>Nasdaq</u>
10-Jan	1,842.37	16,437.05	4,174.67
1-day	+0.23%	-0.05%	+0.44%
5-day	+0.60%	-0.20%	+1.03%
1-month	+2.21%	+2.90%	+2.81%
3-months	+8.85%	+8.67%	+11.01%
6-months	+11.48%	+7.49%	+18.57%
12-months	+25.15%	+22.02%	+33.73%



S&P 500 Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
C. Discretionary	+0.38%	+0.05%	+2.18%	+35.99%
C. Staples	+0.17%	-0.01%	-0.48%	+18.03%
Energy	+0.15%	+0.05%	+1.60%	+16.86%
Financials	-0.13%	+0.72%	+3.23%	+28.38%
Healthcare	+0.42%	+2.69%	+3.32%	+35.63%
Info Tech	+0.20%	+0.40%	+2.14%	+22.20%
Industrials	+0.17%	+0.33%	+3.38%	+32.18%
Materials	+0.36%	-0.27%	+2.77%	+16.76%
Telecom	+0.39%	-2.19%	-2.42%	+0.92%
Utilities	+1.44%	+2.48%	+1.93%	+8.06%

DJIA Top Performers

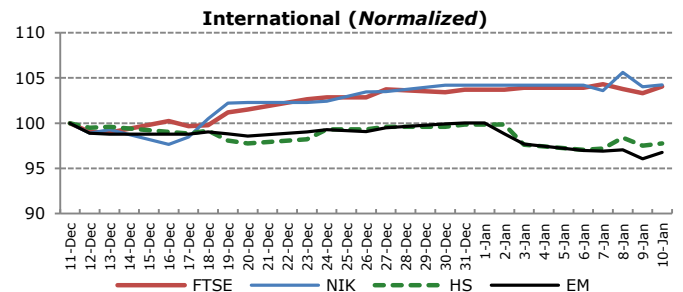
<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Microsoft Corp	+1.44%	-2.36%	-5.43%	+40.33%
Coca-Cola Co/The	+1.01%	-0.82%	+0.70%	+11.70%
Caterpillar Inc	+0.89%	+0.77%	+4.73%	-2.85%

DJIA Worst Performers

<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Chevron Corp	-1.85%	-2.69%	-2.14%	+13.15%
Unitedhealth Group Inc	-1.81%	-0.53%	+0.88%	+42.90%
General Electric Co	-0.96%	-1.89%	+0.14%	+31.47%

International Markets

<u>Trailing</u>	<u>FTSE 100</u>	<u>Nikkei</u>	<u>Hang Seng</u>	<u>MSCI EM</u>
Last Close	6,739.94	15,912.06	22,846.25	970.15
1-day	+0.73%	+0.20%	+0.26%	+0.73%
5-day	+0.14%	#VALUE!	+0.13%	-0.95%
1-month	+3.32%	+1.93%	-3.78%	-4.17%
3-months	+4.81%	+12.10%	-0.46%	-4.33%
6-months	+3.61%	+10.37%	+9.29%	+5.95%
12-months	+10.46%	+49.37%	-2.18%	-9.92%



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Nymex WTI Crude Oil

(\$US/Bbl)	10-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.72	+\$1.06	+1.16%	-1.32%	-5.88%
Cal 14	\$91.14	+\$0.84	+0.93%	-1.31%	-1.07%
Cal 15	\$84.74	+\$0.25	+0.29%	-1.92%	-3.59%

(\$US/bbl)	Q2-14	Q3-14	Q4-14	Q1-15	2015
Consensus Forecast	\$95.00	\$96.00	\$95.00	\$94.45	\$94.86
Current Forward	\$92.61	\$90.84	\$88.82	\$86.90	\$84.74

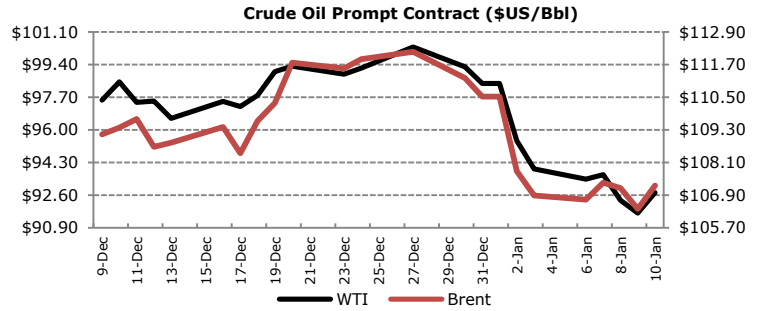
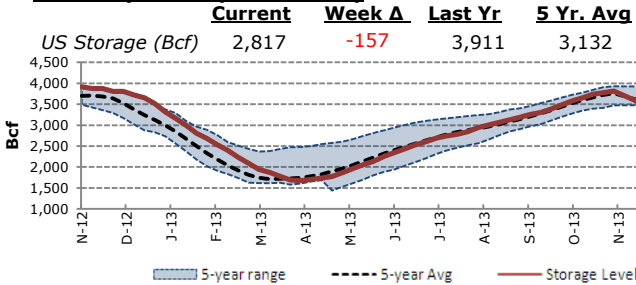
Inventory Levels (as of Jan-03)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	388,463	+375	337,426	319,411
Motor Gas	226,959	+17,761	214,389	200,481
Distillates	124,973	+7,637	171,756	140,851

Nymex Natural Gas

(\$US/MMbtu)	10-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.05	+\$0.05	+1.20%	-5.83%	-6.55%
Feb14-Mar14	\$3.96	+\$0.02	+0.55%	-6.14%	-2.05%
Apr14-Oct14	\$3.93	+\$0.01	+0.16%	-6.20%	-1.49%
Nov14-Mar15	\$4.13	+\$0.00	+0.03%	-5.66%	+0.55%
Apr15-Oct15	\$3.90	-\$0.00	-0.02%	-4.51%	-4.44%

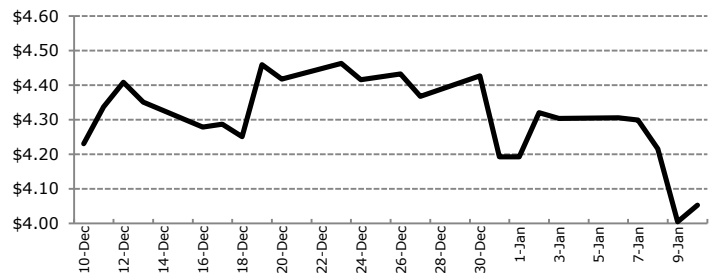
Inventory Levels (as of Jan-03)



UK Brent Crude Oil

(\$US/Bbl)	10-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$107.25	+\$0.86	+0.80%	+0.34%	-1.95%

Nat Gas Prompt (\$US/MMbtu)

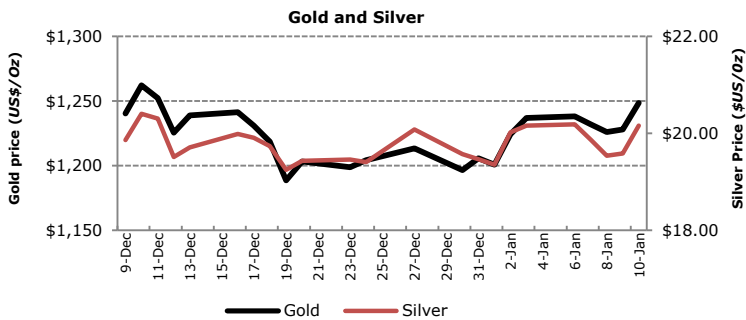


Alberta Natural Gas

(\$CAD/GJ)	10-Jan	day Δ	%Δ
AECO Feb-14	\$3.77	+\$0.15	+4.3%

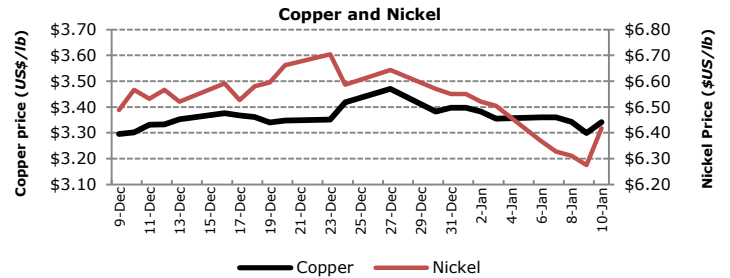
Precious Metals

\$US/oz	10-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,248.45	+\$20.50	+1.7%	+0.9%	-0.3%	-5.4%
Silver	\$20.16	+\$0.57	+2.9%	+0.0%	-0.7%	-7.9%
Platinum	\$1,437	+\$18.95	+1.3%	+1.7%	+3.8%	-0.0%



Industrial Metals

\$US/lb	10-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.34	+\$0.04	+1.3%	-0.4%	+0.3%	+1.3%
Nickel	\$6.42	+\$0.14	+2.3%	-1.3%	-1.7%	-2.0%
Zinc	\$1.01	+\$0.00	+0.2%	-1.1%	+3.1%	+7.0%
Aluminum	\$0.78	+\$0.00	0.0%	-1.3%	-2.5%	-4.9%
Uranium	\$35.05	+\$0.00	0.0%	+1.3%	+0.9%	-0.3%



Agriculture & Other

	10-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.33	+\$0.21	+5.0%	+2.2%	-0.3%
Wheat (\$US/bu)	\$5.69	-\$0.15	-2.6%	-6.1%	-10.2%
Soybeans (\$US/bu)	\$12.79	+\$0.05	+0.4%	+0.6%	-2.5%
Rough Rice (\$US/cwt)	\$15.65	+\$0.24	+1.6%	+0.3%	+0.7%
Sugar #11 (¢US/lb)	¢15.57	¢0.09	+0.6%	-3.2%	-4.5%
Lean Hogs (¢US/lb)	¢91.00	¢0.28	+0.3%	-0.6%	-1.0%
Live Cattle (¢US/lb)	¢136.98	¢0.10	+0.1%	+0.3%	+2.1%
Cotton No.2 (\$US/lb)	\$0.83	-\$0.00	-0.3%	-0.4%	-0.6%
Lumber (\$US/Mbft)	\$368.60	-\$0.70	-0.2%	+2.2%	+2.6%

Commodity ETFs

	10-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.10	+\$0.01	+0.2%	-3.5%	-12.2%
HBP Nat Gas U	\$11.54	+\$0.15	+1.3%	-11.8%	-9.1%
iShares Gold ETF	\$11.10	+\$0.18	+1.6%	+1.2%	-0.9%
\$USD					
US Crude Oil	\$33.19	+\$0.11	+0.3%	-1.66%	-5.1%
US Nat Gas	\$19.81	+\$0.12	+0.6%	-5.94%	-7.3%
PSDB Agriculture	\$24.24	+\$0.12	+0.5%	-0.82%	-1.6%
PSDB Base Metals	\$16.56	+\$0.22	+1.3%	-0.24%	+1.1%

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Interest Rates

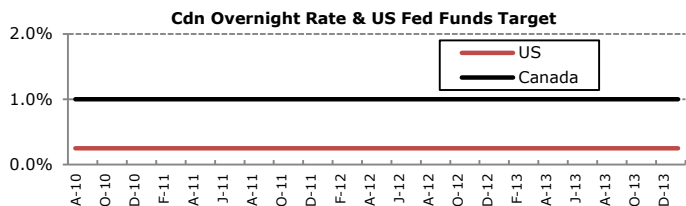
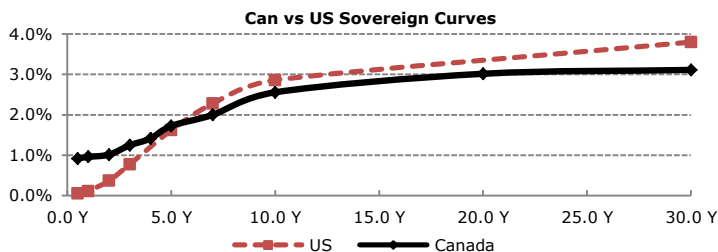
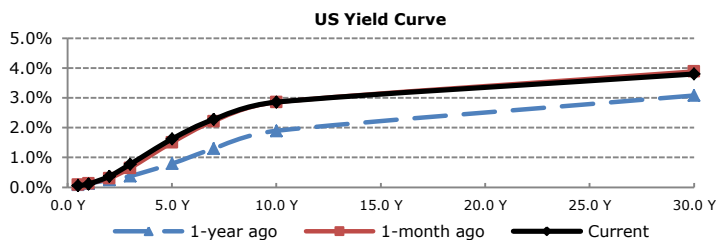
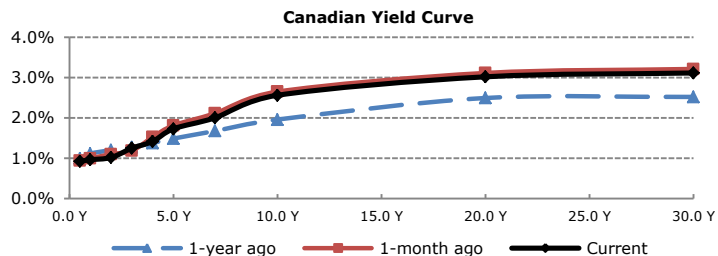
Canadian yield curve

	10-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.93%	0.91%	0.91%
6-mnth	0.92%	-	0.94%	0.94%	0.99%
12-mnth	0.96%	-0.02%	0.99%	1.01%	1.11%
2-year	1.02%	-0.08%	1.10%	1.21%	1.20%
5-year	1.73%	-0.15%	1.81%	1.90%	1.49%
10-year	2.56%	-0.13%	2.65%	2.60%	1.96%
20-year	3.02%	-0.09%	3.11%	3.08%	2.49%
30-year	3.11%	-0.08%	3.21%	3.15%	2.52%

US yield curve

	10-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.04%	-	0.07%	0.06%	0.06%
6-mnth	0.06%	-	0.09%	0.07%	0.09%
12-mnth	0.11%	-0.01%	0.13%	0.13%	0.13%
2-year	0.37%	-0.06%	0.31%	0.35%	0.25%
5-year	1.62%	-0.13%	1.50%	1.42%	0.79%
10-year	2.86%	-0.11%	2.85%	2.69%	1.90%
30-year	3.80%	-0.08%	3.89%	3.75%	3.08%

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



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	10-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.089		+0.005	1.060	1.039	0.984
EURUSD	\$1.367		+0.006	1.376	1.352	1.338
USDJPY	¥104.18		-0.640	102.85	97.34	89.48
GBPUSD	\$1.648		+0.000	1.645	1.595	1.608
AUDUSD	\$0.900		+0.009	0.915	0.945	1.057

	Spot	10-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥95.63		-1.041	96.99	93.65	90.95
CADAUD	\$1.021		-0.016	1.031	1.019	0.962
GBPUSD	£1.796		+0.009	1.744	1.658	1.582
EURJPY	¥142.39		-0.260	141.53	131.65	119.74
EURAUD	\$1.52		-0.010	1.50	1.43	1.27

Economic Releases

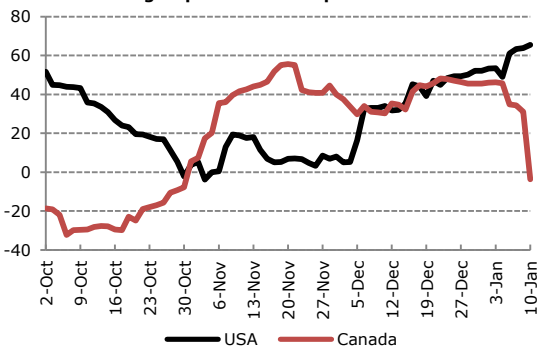
United States

		Period	Survey	Actual	Prior
Tue, Jan 14	Advance Retail Sales	31-Dec	0.1%	--	0.7%
Wed, Jan 15	Producer Price Index (MoM)	31-Dec	0.4%	--	-0.1%
Thu, Jan 16	Continuing Claims	4-Jan	2850K	--	2865K
Thu, Jan 16	Initial Jobless Claims	11-Jan	325K	--	330K
Thu, Jan 16	Consumer Price Index (MoM)	31-Dec	0.3%	--	0%
Fri, Jan 17	Industrial Production	31-Dec	0.3K	--	-0.1K
Fri, Jan 17	Housing Starts	31-Dec	990K	--	1091K

Canada

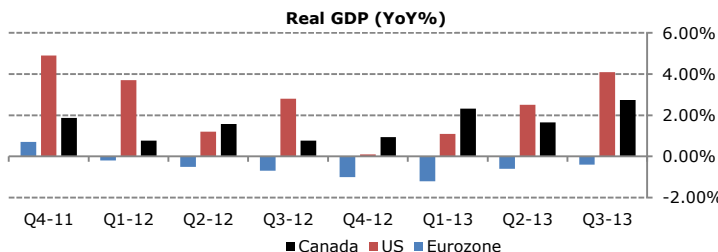
Period	Survey	Actual	Prior
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Citigroup Economic Surprise Index



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	7.90%	7.50%	7.50%	7.20%	7.40%
China					
Real GDP	7.90%	7.70%	7.50%	7.80%	7.70%



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