

Today's Commentary

US stocks recouped losses yesterday with the S&P rallying +1.08% to 1,838.88 and the TSX nudging up +0.08% to 13,692.38. US 10-years are +2bps cheaper at 2.87% from our last release, while Canadian 10-years remain unchanged at 2.56%. With no Canadian data this week markets will continue to focus on US data. After a strong retail sales number yesterday, the Empire State Survey (A measure of New York manufacturing) beat expectations today at 12.51 (expected 3.5) while PPI came in as expected at 0.4% m/m.

World Bank economists raised its global growth forecasts on Tuesday, expecting overall growth to increase from 2.4% last year to 3.2% in 2014 and 3.4% in 2015. Part of the increase reflects improvement in the 18-country Eurozone as well as the orderly unwinding of the Fed's quantitative easing. However the bank warns, any abrupt reactions to the tapering, as was seen in May, will cause capital inflows to emerging markets to contract by as much as 80%. Capital flows to developing countries are influenced more by international rather than domestic forces, leaving them vulnerable to disorderly changes in policy by the Fed. This could potentially throw some countries in to crises. The World Bank cut its forecasts for developing markets growth from 5.6% to 5.3%.

Treasuries are having their best start of the year since 2010. The US government securities have returned of 0.7% in the past two weeks, best performance in 4 years, according to the Bank of America Merrill Lynch Indexes. The lower than expected job again in December forces investors to buy treasuries to cover their short positions. Jan Hatzius, chief economist at Goldman Sachs, said yesterday that there probably won't be an interest rate increase until 2016 and the Fed will probably conclude its bond buying program at the end of 2014. The Bloomberg economic survey is currently predicting the rate hike to take place in late 2015. As the recent data points to signs that the growth might be slowing down, the velocity of the yield increase in the long end is slowing down as well.

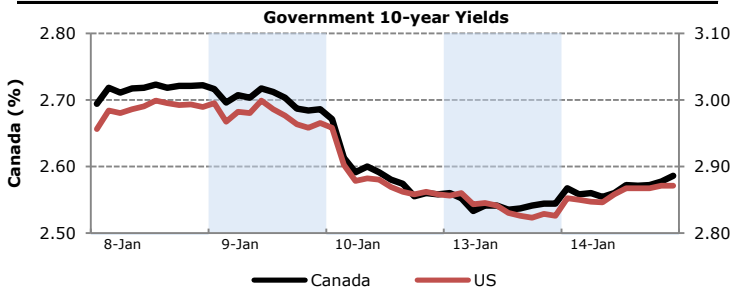
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

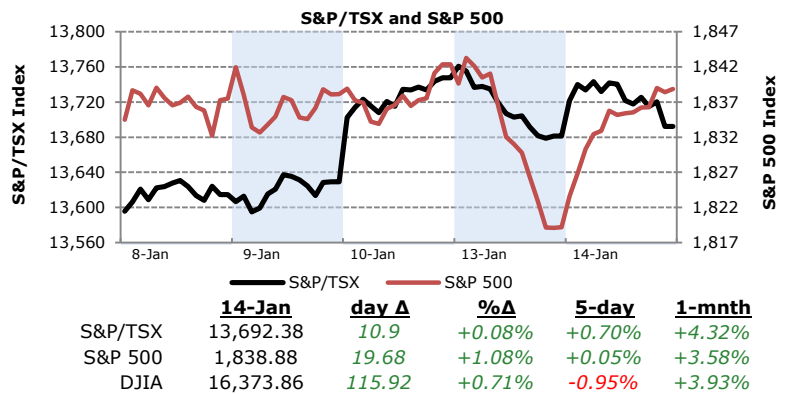
United States	Period	Survey	Actual	Prior
Producer Price Index (MoM)	31-Dec	0.5%	0.4%	-0.1%

Canada	Period	Survey	Actual	Prior
None Scheduled				

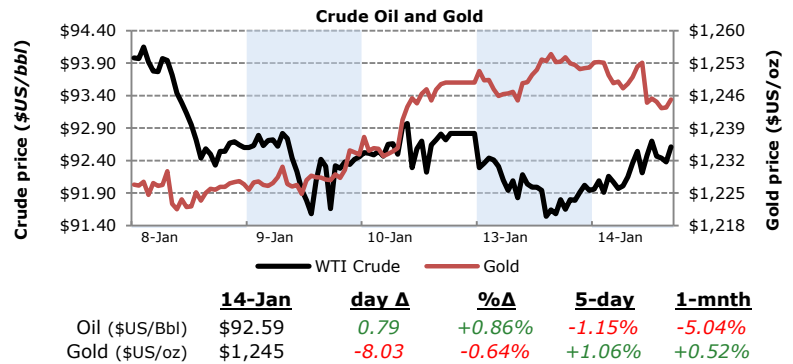
Interest Rates



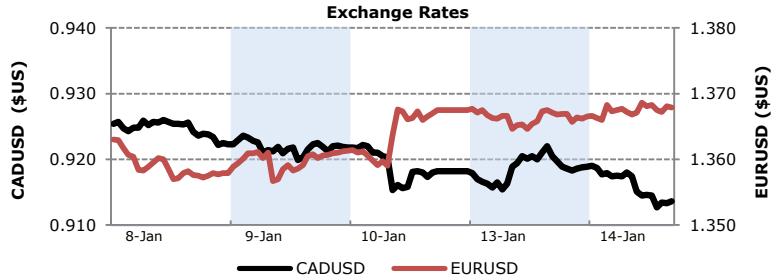
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	14-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.095	+0.008	1.077	1.064	0.986
EURUSD	\$1.368	+0.001	1.362	1.375	1.329
USDJPY	¥104.22	+1.220	104.600	103.38	88.38

Government 10-year Yields

	14-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.59%	0.042%	2.66%	2.62%	1.94%
United States	2.87%	0.045%	2.86%	2.66%	1.84%

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>

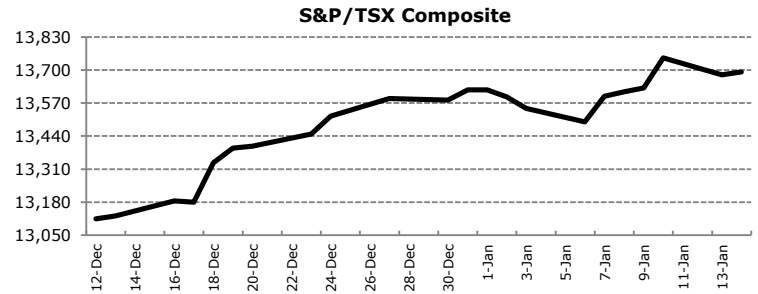
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	<u>14-Jan</u>	<u>day Δ</u>	<u>%Δ</u>
S&P/TSX	13,692.38	10.9	+0.08%

	<u>Trailing S&P/TSX</u>	<u>TSX 60</u>
5-day	+0.70%	+1.01%
1-month	+4.32%	+4.66%
3-months	+6.21%	+6.29%
6-months	+9.87%	+10.29%
12-months	+8.64%	+8.97%



TSX Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
C. Discretionary	+0.21%	+0.44%	+3.49%	+38.08%
C. Staples	-0.28%	-0.15%	+2.32%	+22.19%
Energy	+0.02%	-0.97%	+1.43%	+7.37%
Financials	-0.37%	+0.10%	+2.82%	+18.81%
Healthcare	+1.34%	+4.37%	+16.67%	+45.71%
Info Tech	+0.48%	-0.58%	+9.27%	+25.46%
Industrials	-0.05%	+0.54%	+2.06%	+27.29%
Materials	+0.24%	+3.30%	+10.40%	-27.00%
Metals & Mining	+1.50%	+2.05%	+11.11%	-23.43%
Telecom	+0.57%	+0.86%	+2.24%	+7.75%
Utilities	-0.19%	+0.42%	+2.68%	-10.03%

TSX Top Performers

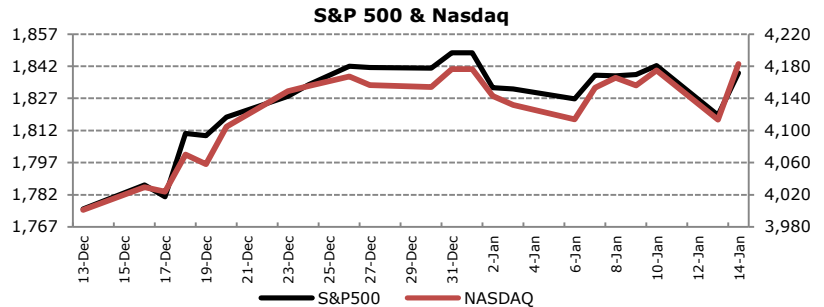
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Thompson Creek Metals Co		+18.99%	+11.46%	+24.23%	-31.22%
Turquoise Hill Resources		+6.09%	+8.81%	+12.98%	-46.08%
Aurico Gold Inc		+6.01%	+15.25%	+22.05%	-39.67%
Alaris Royalty Corp		+4.99%	-7.61%	-14.58%	+13.01%
Cameco Corp		+4.45%	+4.94%	+2.99%	+9.01%

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>
Canexus Corp		-12.52%	-8.75%	+2.98%	-24.74%
Torex Gold Resources Inc		-7.50%	+5.71%	+7.77%	-46.38%
Centerra Gold Inc		-5.56%	-0.22%	+16.20%	-51.07%
Detour Gold Corp		-4.84%	+9.33%	+26.38%	-76.91%
Novagold Resources Inc		-4.40%	+4.83%	+19.69%	-36.40%

US Indices

	<u>S&P 500</u>	<u>DJIA</u>	<u>Nasdaq</u>
Trailing			
14-Jan	1,838.88	16,373.86	4,183.02
1-day	+1.08%	+0.71%	+1.69%
5-day	+0.05%	-0.95%	+0.72%
1-month	+3.58%	+3.93%	+4.55%
3-months	+7.53%	+7.01%	+9.64%
6-months	+9.44%	+5.88%	+16.19%
12-months	+25.04%	+21.22%	+34.18%



S&P 500 Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
C. Discretionary	+0.76%	-1.11%	+2.11%	+33.88%
C. Staples	+0.55%	-0.20%	+0.84%	+17.12%
Energy	+1.09%	-1.72%	+2.12%	+15.64%
Financials	+0.79%	-0.18%	+3.87%	+28.23%
Healthcare	+1.28%	+2.51%	+6.32%	+36.27%
Info Tech	+1.90%	+0.59%	+4.93%	+23.83%
Industrials	+1.03%	+0.33%	+4.41%	+32.10%
Materials	+1.40%	+0.46%	+4.24%	+16.83%
Telecom	+0.42%	-3.83%	-1.13%	+1.69%
Utilities	+0.09%	+0.62%	+1.95%	+7.25%

DJIA Top Performers

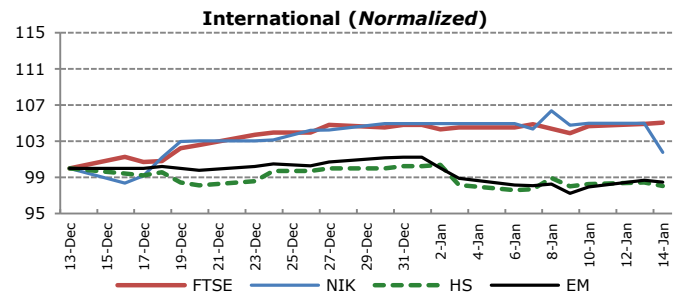
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Intel Corp		+3.96%	+3.60%	+9.14%	+20.50%
Microsoft Corp		+2.26%	-1.73%	-2.48%	+33.01%
3M Co		+2.03%	-0.17%	+8.68%	+41.54%

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>
Boeing Co/The		-0.49%	-0.36%	+4.62%	+82.90%
Merck & Co. Inc.		-0.23%	+5.77%	+9.55%	+22.29%
United Technologies Corp		-0.15%	-0.78%	+4.92%	+31.27%

International Markets

	<u>FTSE 100</u>	<u>Nikkei</u>	<u>Hang Seng</u>	<u>MSCI EM</u>
Trailing				
Last Close	6,766.86	15,422.40	22,791.28	975.28
1-day	+0.14%	-3.08%	-0.43%	-0.22%
5-day	+0.17%	-2.48%	+0.35%	+0.39%
1-month	+5.08%	+0.13%	-1.96%	-1.53%
3-months	+3.98%	+7.06%	-1.05%	-4.63%
6-months	+3.39%	+6.32%	+7.12%	+3.16%
12-months	+10.79%	+42.78%	-2.66%	-9.76%

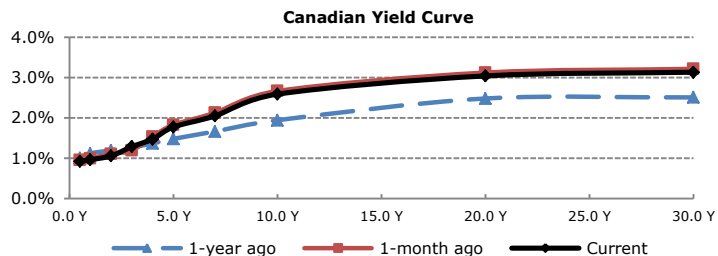


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Interest Rates

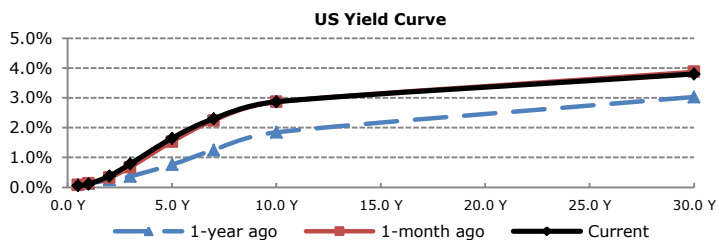
Canadian yield curve

	14-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.93%	0.92%	0.92%
6-mnth	0.92%	-	0.95%	0.94%	1.00%
12-mnth	0.96%	+0.00%	0.99%	1.02%	1.12%
2-year	1.06%	+0.02%	1.11%	1.21%	1.19%
5-year	1.77%	+0.05%	1.82%	1.91%	1.48%
10-year	2.59%	+0.04%	2.66%	2.62%	1.94%
20-year	3.04%	+0.04%	3.12%	3.09%	2.48%
30-year	3.13%	+0.04%	3.21%	3.16%	2.51%

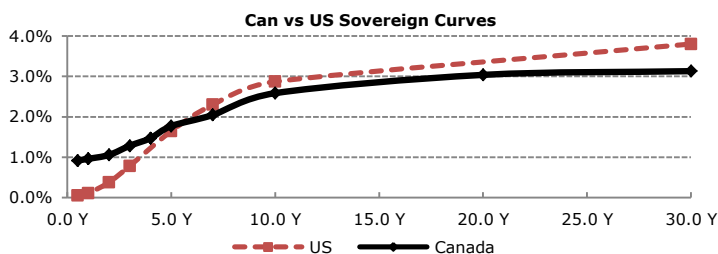
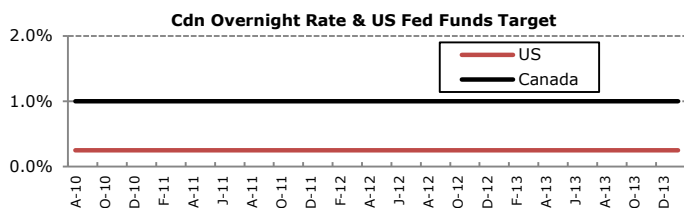


US yield curve

	14-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.03%	+0.01%	0.06%	0.09%	0.07%
6-mnth	0.06%	+0.01%	0.08%	0.14%	0.10%
12-mnth	0.11%	-	0.13%	0.12%	0.13%
2-year	0.38%	+0.02%	0.32%	0.33%	0.25%
5-year	1.65%	+0.06%	1.53%	1.39%	0.76%
10-year	2.87%	+0.05%	2.86%	2.66%	1.84%
30-year	3.80%	+0.03%	3.87%	3.72%	3.03%



	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%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	14-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.095		+0.008	1.064	1.035	0.986
EURUSD	\$1.368		+0.001	1.375	1.354	1.329
USDJPY	¥104.22		+1.220	103.38	98.58	88.38
GBPUSD	\$1.644		+0.006	1.635	1.596	1.601
AUDUSD	\$0.897		-0.009	0.894	0.947	1.057

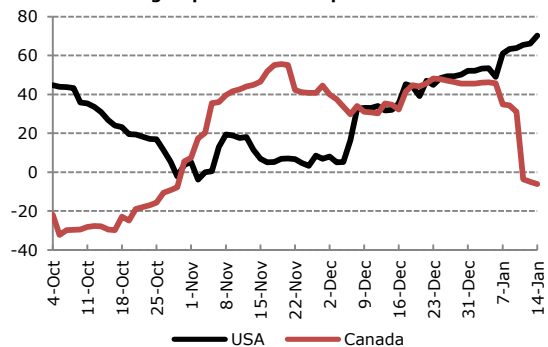
	Spot	14-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥95.21		+0.388	97.16	95.24	89.64
CADAUD	\$1.019		+0.002	1.052	1.020	0.959
GBPUSD	£1.800		+0.020	1.740	1.651	1.578
EURJPY	¥142.56		+1.750	142.18	133.51	117.45
EURAUD	\$1.53		+0.016	1.54	1.43	1.26

Economic Releases

United States

		Period	Survey	Actual	Prior
Tue, Jan 14	Advance Retail Sales	31-Dec	0.4%	0.7%	0.1%
Wed, Jan 15	Producer Price Index (MoM)	31-Dec	0.5%	0.4%	-0.1%
Thu, Jan 16	Continuing Claims	4-Jan	2850K	--	2865K
Thu, Jan 16	Initial Jobless Claims	11-Jan	328K	--	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	--	0K

Citigroup Economic Surprise Index

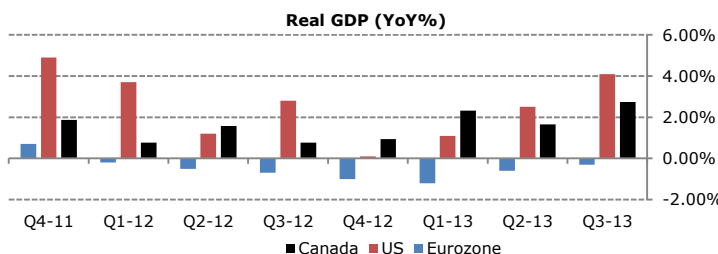


Canada

Period	Survey	Actual	Prior
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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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