

Today's Commentary

Stocks slipped on Thursday with the S&P down -0.89% to 1,828.46 and the TSX slightly better off shedding only -0.39% to 13,932.97. Conversely rates outperformed with US 10 years -4bps richer at 2.79% and Canadian 10 years at 2.40% (-5bps). These moves come amongst mixed data out of the US and ahead of the Fed rate decision next Wednesday. This morning Canadian CPI came in at 1.2% versus an expected 1.3%/y while CPI-Core came in at 1.3% in line with economists' expectation. The soft CPI reading adds to the tough situation for the Bank of Canada in regards to managing inflation, as well as the cooling housing market.

Treasuries continue to advance, pushing the 10 year yields to an 8-week low as the slowdown in emerging market spurs demand for haven assets. The benchmark notes are set for a fourth straight weekly rally, the longest stretch since April last year as the manufacturing data and jobless claims disappoint. "The negative surprise for China has consequences for the emerging market," said Michael Markovich, head of global interest rate research at Credit Suisse AG. "It also plays a role in our view on global growth and how optimal we can be. That's positive for treasuries." The US 10 year yields fell 5 basis points to 2.72%. According to the weighted average forecast of economists polled by Bloomberg, the 10 year yield will probably rise to 2.99% by March 31. This compares with a projection of 3.02% on January 6th. The Fed will meet next week and Treasury will offer 2 year floating securities in an inaugural sale.

Natural gas rose for the fourth consecutive day, the biggest weekly gain since September 2012 as meteorologists predicted the "Polar Vortex" will continue through to the end of the month. Volume of all natural gas futures traded was about 18% above the 100-day average with prices up 13% this week, closing at \$4.73 per 1,000 cubic feet. This in turn is leading to higher crude prices as traders anticipate refineries will need to process more crude to meeting heating oil demand. U.S. crude for March delivery rose 59 cents to close at \$97.32 a barrel in New York. US gas inventories dropped by 107 billion cubic feet to 2.423 trillion in the week ended Jan. 17. Supplies have decreased 37% in the past 10 weeks, according to data from the Energy Department's statistical arm.

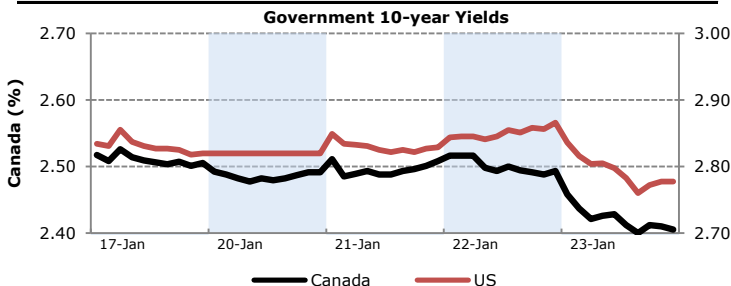
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

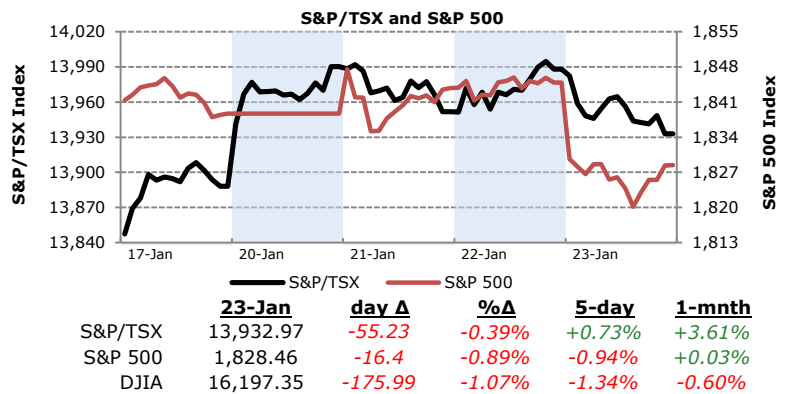
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
BOC CPI Core (YoY)	31-Dec	1.3%	1.3%	1.1%
Consumer Price Index	31-Dec	1.3%	1.2%	0.9%

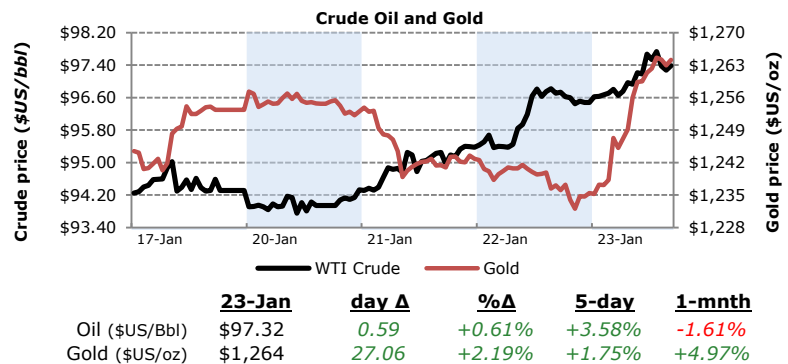
Interest Rates



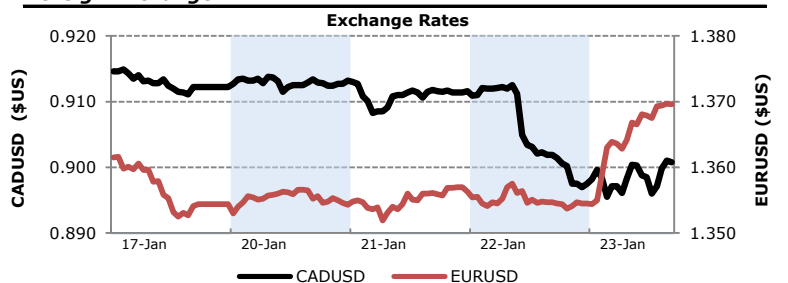
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	23-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.110	+0.002	1.093	1.061	1.006
EURUSD	\$1.370	+0.015	1.362	1.370	1.346
USDJPY	¥103.26	-1.260	104.350	104.11	90.91

Government 10-year Yields

	23-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.41%	-0.088%	2.72%	2.42%	1.88%
United States	2.78%	-0.088%	2.98%	2.51%	1.82%

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>

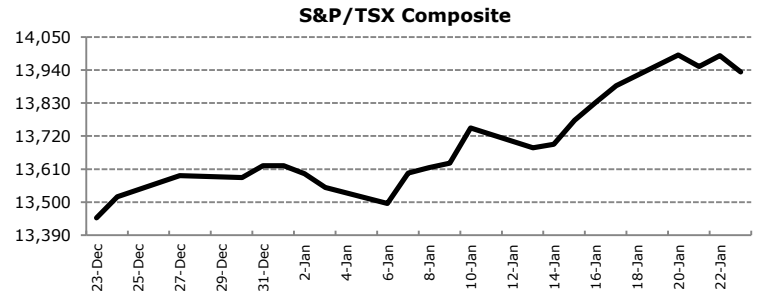
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	23-Jan	day Δ	%Δ
S&P/TSX	13,932.97	-55.23	-0.39%

	Trailing S&P/TSX	TSX 60
5-day	+0.73%	+0.81%
1-month	+3.61%	+3.60%
3-months	+5.21%	+5.31%
6-months	+9.32%	+9.52%
12-months	+8.90%	+9.13%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.37%	+0.80%	+3.34%	+36.34%
C. Staples	-0.54%	+0.00%	+1.80%	+23.93%
Energy	-0.39%	+0.97%	+1.83%	+7.60%
Financials	-1.07%	+0.29%	+0.63%	+17.83%
Healthcare	-0.03%	+0.32%	+14.37%	+47.10%
Info Tech	-0.97%	+3.92%	+7.26%	+27.05%
Industrials	-0.37%	-0.18%	+0.02%	+25.59%
Materials	+1.01%	+2.11%	+14.27%	-23.81%
Metals & Mining	-1.55%	-2.71%	+11.17%	-19.52%
Telecom	-0.14%	+0.05%	+2.14%	+5.79%
Utilities	-0.13%	-0.31%	+2.15%	-11.67%

TSX Top Performers

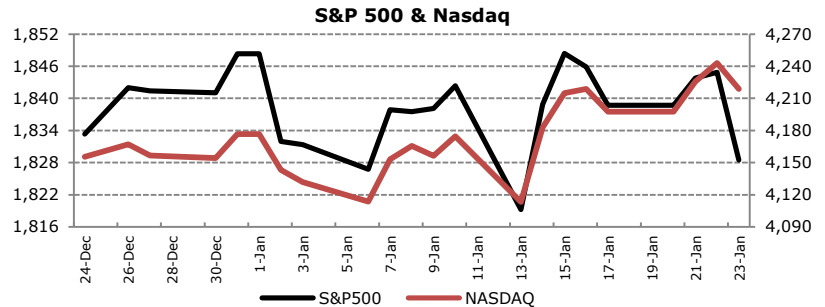
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Oceanagold Corp	+9.74%	+22.29%	+44.59%	-23.57%
Agnico Eagle Mines Ltd	+7.24%	+8.97%	+25.55%	-31.19%
China Gold International	+5.66%	+11.63%	+24.91%	-7.44%
Pretium Resources Inc	+4.69%	+11.54%	+34.65%	-40.22%
Novagold Resources Inc	+4.53%	+10.54%	+42.39%	-25.59%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Alamos Gold Inc	-6.27%	-8.84%	-15.91%	-35.76%
Penn West Petroleum Ltd	-4.01%	-13.49%	-13.30%	-26.26%
Horizon North Logistics I	-3.73%	-12.97%	-15.90%	+31.79%
Badger Daylighting Ltd	-3.54%	-0.32%	+5.92%	+176.72%
Nevsun Resources Ltd	-3.41%	+7.87%	+25.00%	-5.13%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
23-Jan	1,828.46	16,197.35	4,218.88
1-day	-0.89%	-1.07%	-0.57%
5-day	-0.94%	-1.34%	+0.00%
1-month	+0.03%	-0.60%	+1.69%
3-months	+4.70%	+5.09%	+7.98%
6-months	+8.04%	+4.04%	+17.87%
12-months	+22.32%	+17.55%	+33.78%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.69%	-1.08%	-1.87%	+29.49%
C. Staples	-0.94%	-1.52%	-1.79%	+14.14%
Energy	-1.12%	-0.35%	-0.87%	+11.81%
Financials	-1.67%	-1.84%	-0.67%	+24.80%
Healthcare	-0.73%	-0.20%	+3.29%	+34.74%
Info Tech	-0.36%	-0.42%	+1.30%	+22.70%
Industrials	-1.15%	-1.44%	-0.33%	+27.71%
Materials	-1.47%	-2.04%	-0.32%	+13.98%
Telecom	+1.02%	-0.97%	-2.06%	+2.60%
Utilities	-0.31%	+0.93%	+1.79%	+7.03%

DJIA Top Performers

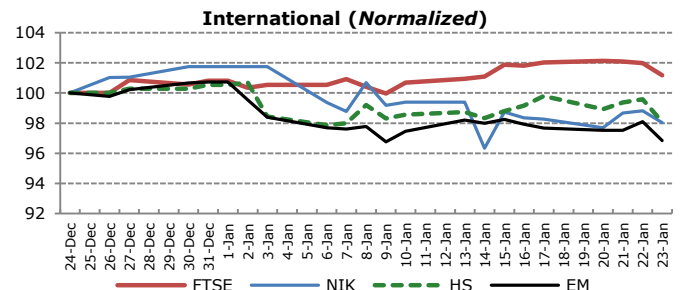
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
At&T Inc	+1.38%	-0.47%	-2.57%	+0.06%
Verizon Communications In	+1.12%	-1.38%	-1.48%	+11.85%
Merck & Co. Inc.	+0.49%	-1.71%	+4.54%	+20.50%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
American Express Co	-2.15%	+1.58%	+0.97%	+51.32%
Boeing Co/The	-2.12%	+0.78%	+3.60%	+90.21%
Visa Inc-Class A Shares	-2.03%	+2.92%	+4.69%	+43.51%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,773.28	15,695.89	22,733.90	963.98
1-day	-0.78%	-0.79%	-1.51%	-1.28%
5-day	-0.62%	-0.33%	-1.10%	-1.09%
1-month	+1.42%	-1.10%	-0.82%	-2.89%
3-months	+1.48%	+8.80%	-1.16%	-6.72%
6-months	+2.67%	+6.21%	+3.73%	-0.52%
12-months	+9.29%	+49.67%	-3.81%	-10.45%

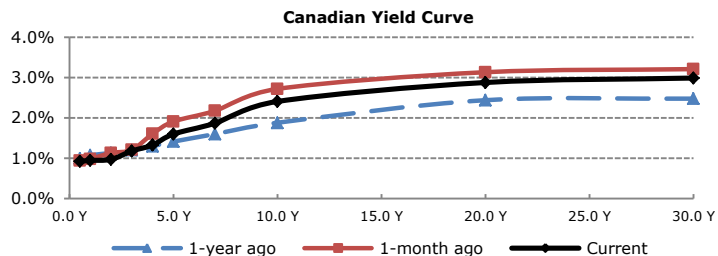


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Interest Rates

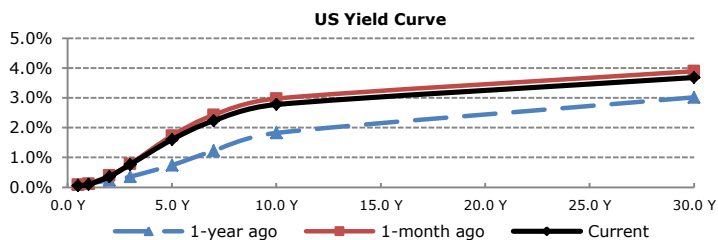
Canadian yield curve

	23-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.90%	-	0.91%	0.90%	0.92%
6-mnth	0.92%	-	0.94%	0.93%	0.99%
12-mnth	0.94%	-0.01%	0.98%	1.00%	1.07%
2-year	0.97%	-0.04%	1.13%	1.09%	1.13%
5-year	1.60%	-0.08%	1.91%	1.71%	1.41%
10-year	2.41%	-0.09%	2.72%	2.42%	1.88%
20-year	2.88%	-0.08%	3.13%	2.94%	2.44%
30-year	2.99%	-0.07%	3.21%	3.03%	2.47%

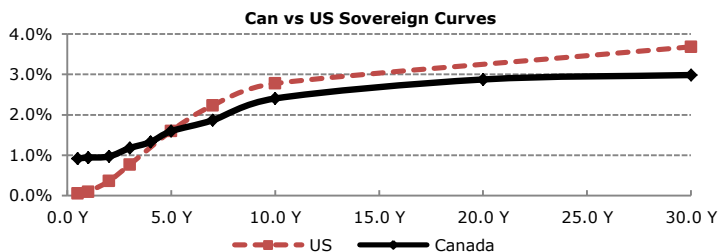
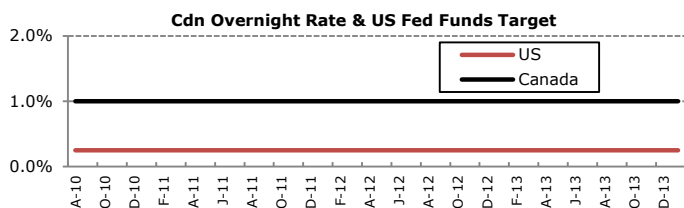


US yield curve

	23-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.04%	+0.01%	0.07%	0.03%	0.07%
6-mnth	0.05%	-0.01%	0.09%	0.07%	0.10%
12-mnth	0.10%	-0.01%	0.12%	0.10%	0.13%
2-year	0.36%	-0.04%	0.40%	0.30%	0.23%
5-year	1.60%	-0.10%	1.73%	1.28%	0.75%
10-year	2.78%	-0.09%	2.98%	2.51%	1.82%
30-year	3.68%	-0.08%	3.89%	3.60%	3.02%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	5-Mar-14	1.00%
US Fed Funds	0.25%	0.25%	29-Jan-14	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	23-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.110	+0.002		1.061	1.038	1.006
EURUSD	\$1.370	+0.015		1.370	1.378	1.346
USDJPY	¥103.26	-1.260		104.11	97.38	90.91
GBPUSD	\$1.664	+0.006		1.636	1.616	1.580
AUDUSD	\$0.877	-0.008		0.893	0.962	1.042

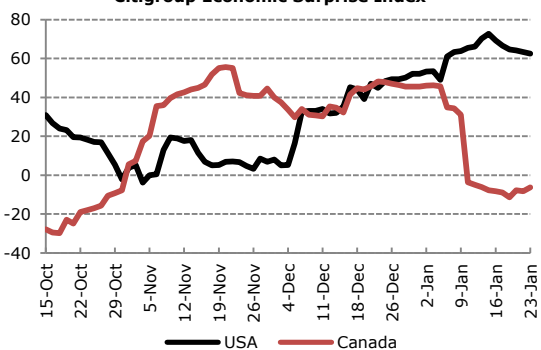
	Spot	23-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥93.01	-1.251		98.15	93.78	90.38
CADAUD	\$1.027	+0.008		1.055	1.001	0.954
GBPUSD	£1.847	+0.009		1.735	1.678	1.589
EURJPY	¥141.44	-0.160		142.59	134.15	122.32
EURAUD	\$1.56	+0.031		1.53	1.43	1.29

Economic Releases

United States

		Period	Survey	Actual	Prior
Thu, Jan 23	Leading Indicators	31-Dec	0.2%	0.1%	0.8%
Thu, Jan 23	Existing Home Sales	31-Dec	4.93M	4.87M	4.9M
Thu, Jan 23	Continuing Claims	11-Jan	2925K	3056K	3030K
Thu, Jan 23	Initial Jobless Claims	18-Jan	330K	326K	326K

Citigroup Economic Surprise Index

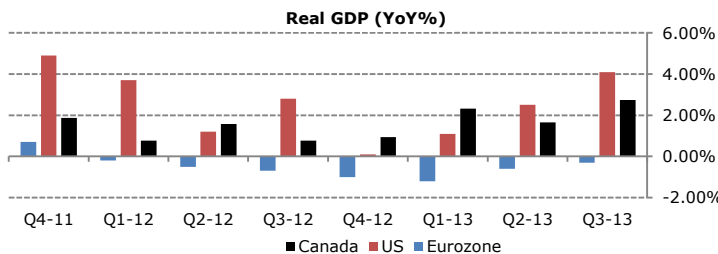


Canada

		Period	Survey	Actual	Prior
Tue, Jan 21	Manufacturing Sales (MoM)	30-Nov	0.3%	1%	1%
Thu, Jan 23	Retail Sales (MoM)	30-Nov	0.2%	0.6%	-0.1%
Fri, Jan 24	BOC CPI Core (YoY)	31-Dec	1.3%	1.30%	1.1%
Fri, Jan 24	Consumer Price Index	31-Dec	1.3%	1.20%	0.9%

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%	1.90%
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%	7.65%



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