

Today's Commentary

Equities and 'risk' assets lost on Wednesday as the FOMC announced it would continue tapering its Treasury and MBS purchases. The S&P fell -1.02% to 1,774.20 and the TSX lost -0.32% and now stands at 13,643.22. Meanwhile government bonds gained with the US 10 year down -10bps to yield 2.69% and Canadian 10 years down -6bps to 2.36%. GDP, Prices, Initial Claims, and Home Sales data in the US this morning will provide some more insight into whether the US is starting 2014 as the Federal Reserve and markets expect.

The US Federal Reserve reduced its monthly asset purchases by another \$10B to \$65B, slowing its Treasury and mortgage back security purchases by \$5B each, to \$35B and \$30B respectively. This further tapering shows the Fed still expects strong US growth in 2014. Policy makers made no changes to their stance that interest rates will not rise until the unemployment rate is well below 6.5%. This was Ben Bernanke's last FOMC meeting, leaving the Federal Reserve in an economy where the US unemployment rate is down to 6.7% from a peak of 10%. His successor, Janet Yellen, will inherit a \$4T balance sheet and the task of halting the Fed asset purchases program without triggering inflation or further financial instability.

A Chinese manufacturing gauge signaled the first contraction in six months in January as companies cut jobs and credit-market stresses damped confidence in the world's second-biggest economy. A Purchasing Managers' Index fell to 49.5 from 50.5 in December, HSBC Holdings Plc and Markit Economics said in a statement today. The reading compared with the median 49.6 estimate in a Bloomberg News survey of 14 economists. A number below 50 indicates contraction. The Australian dollar and copper fell as the survey showed manufacturers eliminating jobs at the fastest rate in almost five years. Credit Suisse Group AG this week cut its first-quarter growth forecast for China, citing anecdotal evidence of "surprisingly slow" retail sales ahead of the week-long Lunar New Year holiday, which starts tomorrow. "China's growth momentum will continue to weaken in coming quarters," Dariusz Kowalczyk, senior economist and strategist at Credit Agricole CIB in Hong Kong, said in a note. "The market continues to underestimate the degree of the ongoing slowdown and further negative surprises are in stock as the year progresses."

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.

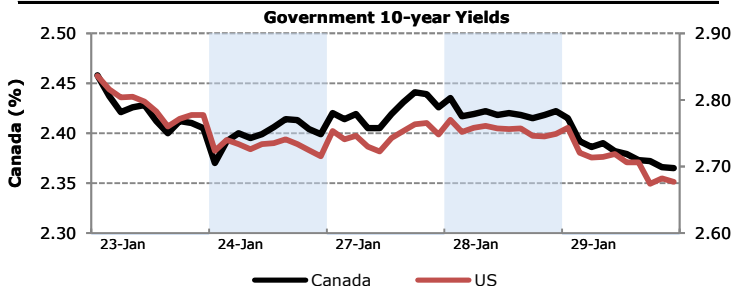
Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Continuing Claims	11-Jan	3000K	--	3056K
Initial Jobless Claims	18-Jan	330K	--	326K
GDP QoQ (Annualized)	31-Dec	3.2%	--	4.1%

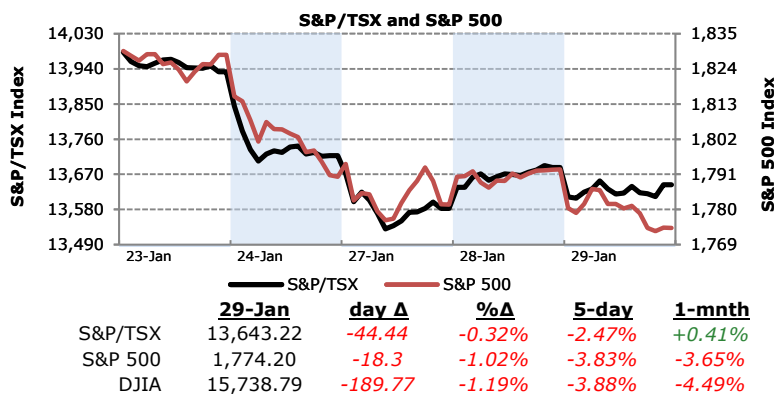
Canada

None Scheduled

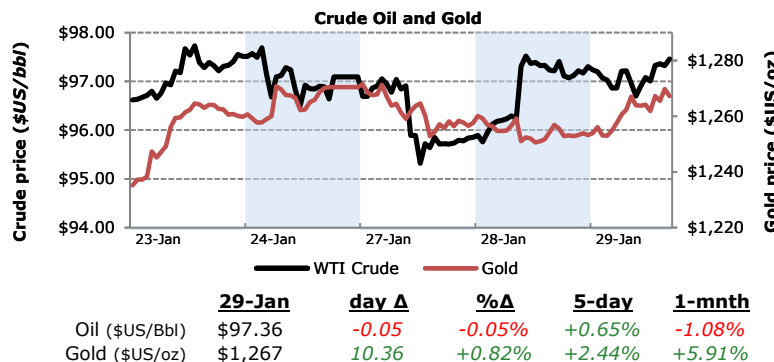
Interest Rates



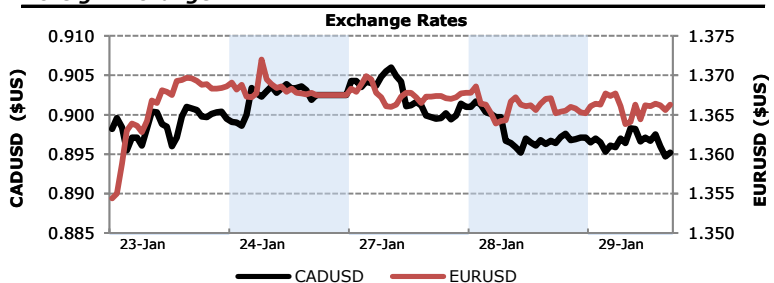
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	29-Jan	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.117		+0.002	1.109	1.062	0.997
EURUSD	\$1.366		-0.001	1.355	1.374	1.358
USDJPY	¥102.29		-0.650	104.520	105.31	91.71

Government 10-year Yields

	29-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.37%	-0.057%	2.74%	2.42%	2.00%
United States	2.68%	-0.072%	2.97%	2.55%	2.00%

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.

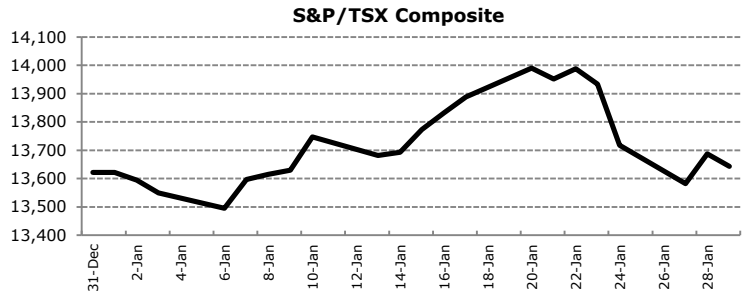
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	29-Jan	day Δ	%Δ
S&P/TSX	13,643.22	-44.44	-0.32%
Trailing S&P/TSX			
5-day		-2.47%	-2.74%
1-month		+0.41%	+0.08%
3-months		+1.51%	+1.30%
6-months		+7.69%	+7.42%
12-months		+6.33%	+6.04%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.92%	-2.97%	-0.55%	+31.47%
C. Staples	-0.56%	-1.30%	+1.51%	+22.26%
Energy	-0.68%	-2.76%	-1.44%	+4.05%
Financials	-0.90%	-4.61%	-3.72%	+12.60%
Healthcare	-0.36%	-1.33%	+11.54%	+41.62%
Info Tech	-1.53%	-1.10%	+8.10%	+30.06%
Industrials	+0.61%	-2.49%	-2.64%	+21.02%
Materials	+1.67%	+1.24%	+10.47%	-21.58%
Metals & Mining	-0.43%	-1.42%	+6.83%	-17.85%
Telecom	-0.28%	-1.08%	-0.05%	+2.92%
Utilities	+0.16%	+0.11%	+2.06%	-11.58%

TSX Top Performers

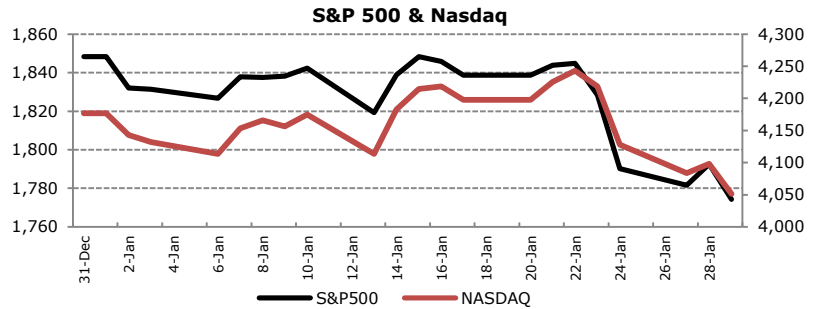
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Detour Gold Corp	+13.99%	+19.64%	+73.03%	-65.83%
China Gold International	+9.94%	+11.32%	+27.80%	+3.51%
Novagold Resources Inc	+6.85%	+3.63%	+30.42%	-19.48%
Silvercorp Metals Inc	+6.23%	+3.02%	+26.34%	-28.69%
Fortuna Silver Mines Inc	+5.49%	+0.95%	+40.07%	+0.48%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Agf Management Ltd-Class	-6.29%	-11.42%	-10.40%	+24.86%
Air Canada-Class B	-6.03%	-25.85%	-4.27%	+193.85%
Cgi Group Inc - Class A	-5.00%	-3.49%	-8.55%	+37.79%
Horizon North Logistics I	-4.57%	-17.15%	-27.18%	+22.07%
Metro Inc	-3.85%	-3.31%	-3.25%	-0.54%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
29-Jan	1,774.20	15,738.79	4,051.43
1-day	-1.02%	-1.19%	-1.14%
5-day	-3.83%	-3.88%	-4.51%
1-month	-3.65%	-4.49%	-2.53%
3-months	+0.13%	+0.37%	+2.51%
6-months	+5.27%	+1.40%	+12.57%
12-months	+17.67%	+12.79%	+28.47%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-1.69%	-3.91%	-5.58%	+24.15%
C. Staples	-1.82%	-3.21%	-4.82%	+9.93%
Energy	-0.59%	-3.32%	-4.96%	+6.60%
Financials	-1.06%	-4.35%	-3.62%	+20.29%
Healthcare	-0.89%	-3.43%	+0.03%	+28.29%
Info Tech	-0.94%	-4.94%	-3.65%	+19.05%
Industrials	-1.03%	-4.17%	-4.46%	+22.34%
Materials	+0.46%	-3.56%	-4.23%	+11.34%
Telecom	-0.44%	-0.27%	-4.51%	-0.39%
Utilities	-0.10%	-0.91%	+1.05%	+4.68%

DJIA Top Performers

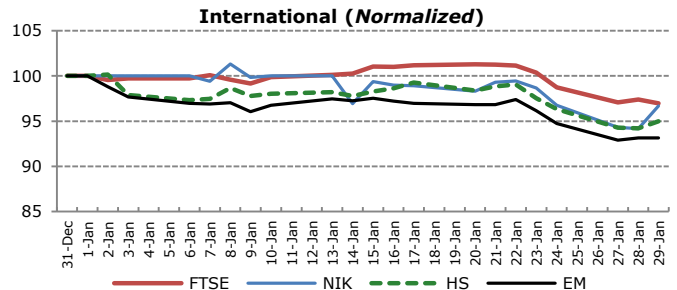
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Du Pont (E.I.) De Nemours	+1.91%	-3.67%	-5.51%	+30.70%
Microsoft Corp	+1.08%	+2.03%	-1.69%	+34.84%
Verizon Communications In	+0.70%	+0.76%	-1.96%	+14.41%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Boeing Co/The	-5.33%	-10.11%	-5.20%	+79.72%
Coca-Cola Co/The	-2.50%	-5.01%	-6.79%	+4.19%
Home Depot Inc	-2.37%	-4.39%	-6.08%	+16.48%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,544.28	15,383.91	22,141.61	934.09
1-day	-0.43%	+2.70%	+0.82%	+0.00%
5-day	-4.13%	-2.76%	-4.08%	-4.34%
1-month	-3.06%	-4.91%	-4.74%	+0.00%
3-months	-3.40%	+7.38%	-3.09%	-3.78%
6-months	-0.24%	+12.61%	+1.33%	+4.58%
12-months	+3.24%	+41.57%	-6.40%	-6.76%



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Nymex WTI Crude Oil

(\$US/Bbl)	29-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$97.36	-\$0.05	-0.05%	+0.65%	-1.08%
Cal 14	\$93.97	-\$0.07	-0.08%	+0.31%	-0.53%
Cal 15	\$86.38	-\$0.08	-0.09%	+0.18%	-2.01%

(\$US/bbl)	Q2-14	Q3-14	Q4-14	Q1-15	2015
Consensus Forecast	\$94.30	\$96.00	\$95.00	\$96.00	\$94.71
Current Forward	\$96.15	\$93.52	\$91.11	\$88.95	\$86.38

Inventory Levels (as of Jan-24)

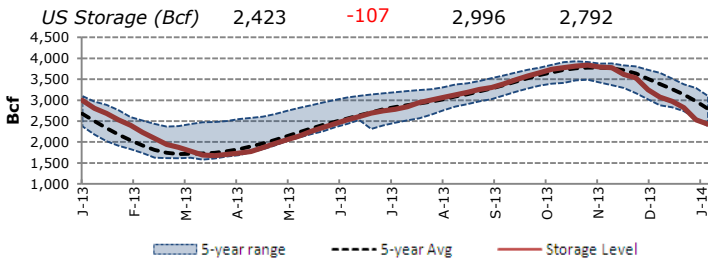
(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	357,645	+6,421	337,426	319,411
Motor Gas	234,446	-819	214,389	200,481
Distillates	116,154	-4,584	171,756	140,851

Nymex Natural Gas

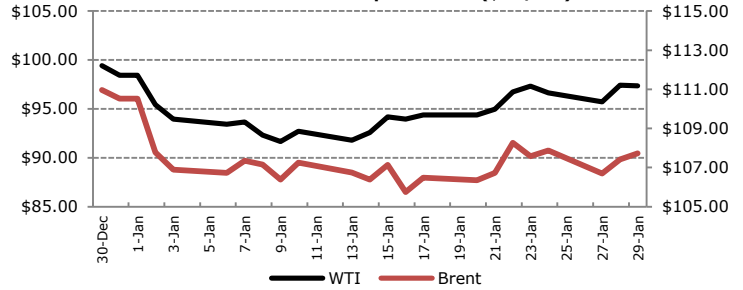
(\$US/MMbtu)	29-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$5.56	+\$0.52	+10.41%	+18.51%	+32.53%
Apr14-Oct14	\$4.62	+\$0.27	+6.26%	+8.05%	+10.73%
Nov14-Mar15	\$4.60	+\$0.10	+2.28%	+4.04%	+5.28%
Apr15-Oct15	\$4.11	+\$0.10	+2.51%	+1.36%	+0.61%
Nov15-Mar16	\$4.20	-\$0.00	-0.05%	-0.82%	+0.60%

Inventory Levels (as of Jan-17)

	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	2,423	-107	2,996	2,792



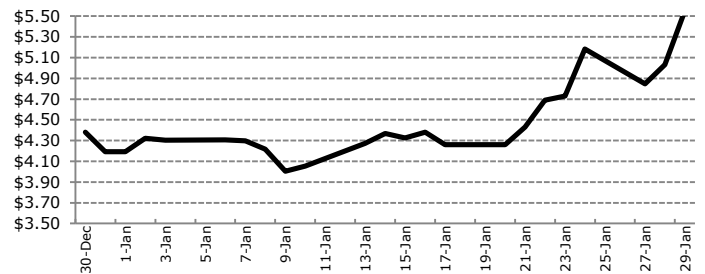
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	29-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$107.73	+\$0.32	+0.30%	-0.50%	-2.53%

Nat Gas Prompt (\$US/MMbtu)



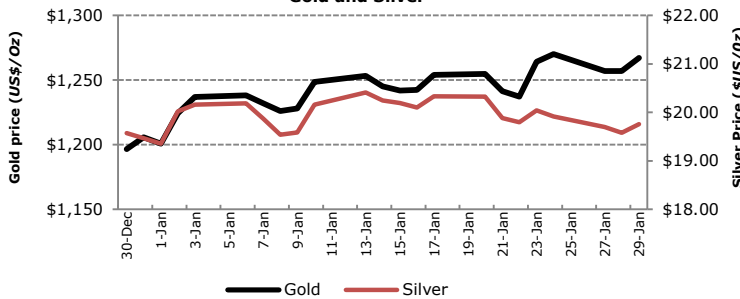
Alberta Natural Gas

(\$CAD/GJ)	29-Jan	day Δ	%Δ
AECO Feb-14	\$4.83	+\$0.58	+13.6%

Precious Metals

\$US/oz	29-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,267.24	+\$10.36	+0.8%	+2.4%	+5.9%	-3.4%
Silver	\$19.76	+\$0.18	+0.9%	-0.2%	+0.9%	-9.0%
Platinum	\$1,413	+\$3.63	+0.3%	-3.1%	+4.0%	-2.7%

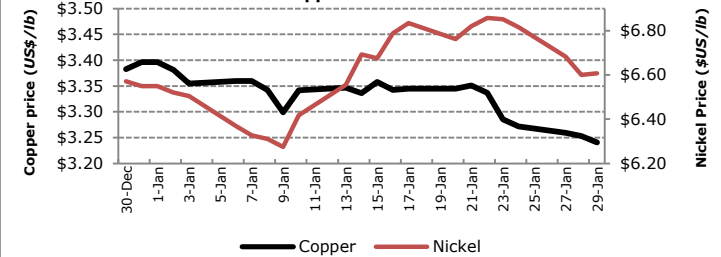
Gold and Silver



Industrial Metals

\$US/lb	29-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.24	-\$0.01	-0.4%	-2.9%	-4.2%	-0.6%
Nickel	\$6.61	+\$0.01	+0.1%	-3.6%	+0.6%	-1.6%
Zinc	\$1.00	+\$0.00	+0.2%	-3.3%	-4.5%	+6.0%
Aluminum	\$0.78	+\$0.00	0.0%	-1.3%	-3.7%	-2.5%
Uranium	\$35.50	-\$0.15	-0.4%	-1.1%	+3.2%	+2.2%

Copper and Nickel



Agriculture & Other

	29-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.28	-\$0.04	-1.0%	+0.3%	+1.3%
Wheat (\$US/bu)	\$5.52	-\$0.15	-2.6%	-1.7%	-8.9%
Soybeans (\$US/bu)	\$12.69	-\$0.16	-1.3%	-0.8%	-1.8%
Rough Rice (\$US/cwt)	\$15.45	-\$0.07	-0.5%	-0.4%	+1.1%
Sugar #11 (¢US/lb)	¢14.74	¢-0.28	-1.9%	-1.9%	-10.2%
Lean Hogs (¢US/lb)	¢93.80	¢+0.22	+0.2%	+0.9%	+3.4%
Live Cattle (¢US/lb)	¢140.53	¢+0.18	+0.1%	-0.9%	+3.9%
Cotton No.2 (\$US/lb)	\$0.86	+\$0.01	+1.4%	-2.6%	+1.1%
Lumber (\$US/Mbft)	\$351.50	+\$0.30	+0.1%	-4.3%	-4.7%

Commodity ETFs

\$CAD	29-Jan	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.51	+\$0.02	+0.4%	+1.1%	-3.2%
HBP Nat Gas U	\$20.17	+\$3.52	+21.1%	+37.9%	+59.8%
iShares Gold ETF	\$11.29	+\$0.14	+1.3%	+2.9%	+5.7%

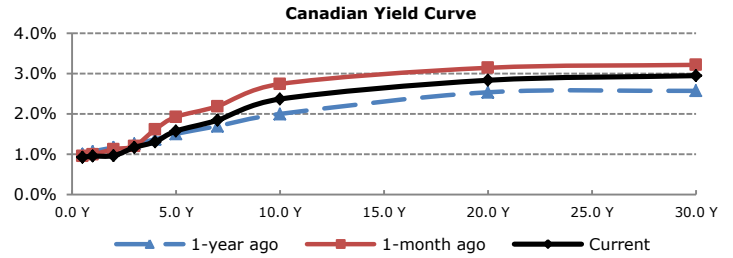
\$USD	29-Jan	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.73	+\$0.04	+0.1%	0.49%	-2.3%
US Nat Gas	\$26.73	+\$2.55	+10.5%	18.80%	+23.9%
PSDB Agriculture	\$24.27	-\$0.05	-0.2%	0.37%	-0.4%
PSDB Base Metals	\$16.23	-\$0.06	-0.4%	-2.87%	-3.9%

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Interest Rates

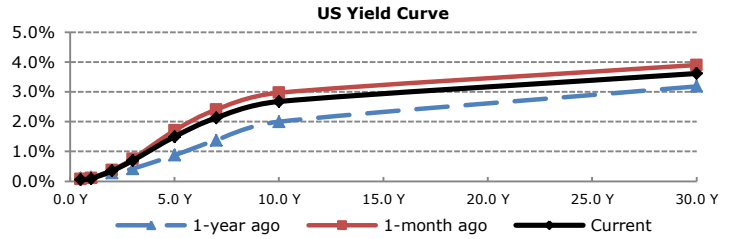
Canadian yield curve

	29-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.91%	0.91%	0.92%
6-mnth	0.92%	-	0.95%	0.94%	1.00%
12-mnth	0.95%	-0.00%	0.99%	1.00%	1.07%
2-year	0.96%	-0.01%	1.12%	1.11%	1.16%
5-year	1.57%	-0.03%	1.92%	1.72%	1.50%
10-year	2.37%	-0.06%	2.74%	2.42%	2.00%
20-year	2.83%	-0.05%	3.14%	2.91%	2.53%
30-year	2.95%	-0.04%	3.21%	3.01%	2.57%

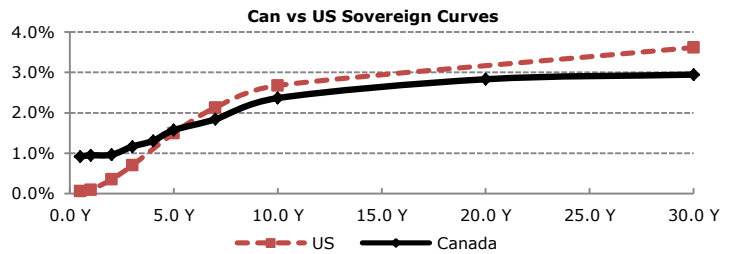
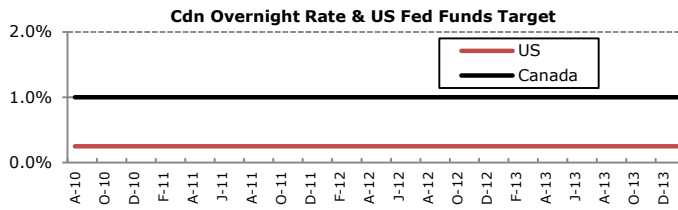


US yield curve

	29-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.04%	-0.01%	0.06%	0.04%	0.07%
6-mnth	0.06%	-	0.08%	0.08%	0.11%
12-mnth	0.09%	-0.01%	0.11%	0.09%	0.14%
2-year	0.35%	+0.01%	0.38%	0.31%	0.28%
5-year	1.50%	-0.06%	1.70%	1.33%	0.88%
10-year	2.68%	-0.07%	2.97%	2.55%	2.00%
30-year	3.62%	-0.06%	3.90%	3.64%	3.18%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	5-Mar-14	1.00%
US Fed Funds	0.25%	0.25%	28-Jan-14	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	29-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.117	+0.002		1.062	1.047	0.997
EURUSD	\$1.366	-0.001		1.374	1.375	1.358
USDJPY	¥102.29	-0.650		105.31	98.19	91.71
GBPUSD	\$1.656	-0.002		1.656	1.605	1.586
AUDUSD	\$0.874	-0.004		0.892	0.948	1.043

	Spot	29-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥91.56	-0.737		99.12	93.79	91.97
CADAUD	\$1.024	+0.003		1.056	1.008	0.962
GBPCAD	£1.850	+0.001		1.759	1.680	1.581
EURJPY	¥139.75	-0.980		144.73	134.96	124.53
EURAUD	\$1.56	+0.006		1.54	1.45	1.30

Economic Releases

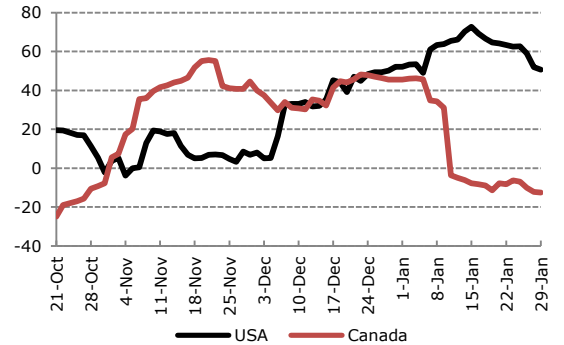
United States

		Period	Survey	Actual	Prior
Mon, Jan 27	New Home Sales	31-Dec	455K	414K	464K
Tue, Jan 28	Durable Goods Orders	31-Dec	1.8%	-4.3%	3.5%
Tue, Jan 28	Consumer Confidence	31-Jan	78	80.7	78.1
Thu, Jan 30	Continuing Claims	11-Jan	3000K	--	3056K
Thu, Jan 30	Initial Jobless Claims	18-Jan	330K	--	326K
Thu, Jan 30	GDP QoQ (Annualized)	31-Dec	3.2%	--	4.1%
Fri, Jan 31	Personal Income	31-Dec	0.2%	--	0.2%

Canada

		Period	Survey	Actual	Prior
Fri, Jan 31	GDP MoM	30-Nov	0.2%	--	0.3%

Citigroup Economic Surprise Index

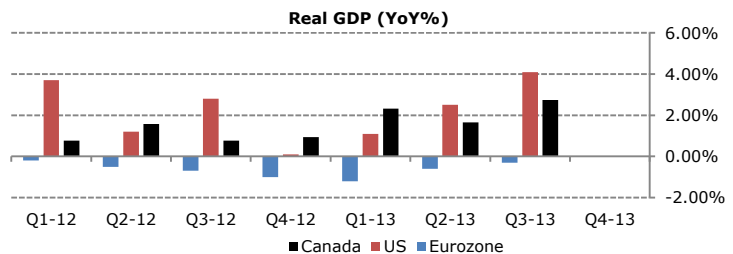


Economics

Canada	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Real GDP	2.32%	1.65%	2.74%	NA	1.70%
CPI	0.90%	0.77%	1.17%	0.93%	1.00%
Unemployment	7.20%	7.10%	6.90%	7.20%	7.05%

US	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Real GDP	1.10%	2.50%	4.10%	NA	1.90%
CPI	1.70%	1.43%	1.57%	1.23%	1.50%
Unemployment	7.50%	7.50%	7.20%	6.70%	7.40%

China	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Real GDP	7.70%	7.50%	7.80%	7.70%	7.65%



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