

Today's Commentary

Equities fell to start the week with the S&P down -2.28% to 1,741.89 and the TSX down -1.52% to 13,486.20. US 10 year yields are also lower as bonds outperform, yielding 2.59%, while their Canadian counterpart yields 2.29%. These moves come with the media focusing on emerging market growth, and the potential for another political debt ceiling stand-off in the US. Factory Orders and IBD Consumer Optimism Index stats are the only relevant data releases this morning, with expectations of -1.8% m/m and 44.5 respectively.

Since its December 30th peak, the Nikkei 225 Stock Index has dropped 10%. Losses snowballed in Tokyo during a global equity retreat that has erased 2.9 trillion from equity values worldwide this year, amid signs of slower growth in China and stimulus cuts in US. The yen, which traded as low as 104 against the greenback just a month ago, halted its slide and strengthened to 101 and change. Foreign investors sold a net 233 billion yen of Japanese shares in the week ended Jan. 24. An increase in Japan's sales tax to 8% from 5% in April will test the resilience of the growth recovery in the country, with economists predicting the move will trigger a 4.1% annualized contraction in the second quarter. According to a study, profit for Nikkei 225 companies will fall about 20% in the 12 months ending March 2015 as gains in taxes and living costs squeeze consumers, Makoto Kikuchi, Tokyo-based chief executive officer at the hedge fund, said Jan. 15.

The Reserve Bank of Australia kept rates at a record low of 2.5%, as anticipated, however, its forecast for stronger economic growth and its signal to end the two-year easing cycle sent the Australian dollar 1.5% higher, the biggest single session gain since September. Since the previous statement in mid-November by RBA governor, Glenn Stevens, the currency has depreciated by 7%. Stevens stated the current level "will assist in achieving balanced growth in the economy." With accelerating inflation that moved above the central bank's target range of 2-3%, RBA is switching its stance on its outlook of the economy. Part of the increase was due to depreciation in the AUD that fueled import prices, and part was due to resurgent local costs. The RBA is due to release its updated inflation and growth forecasts in its quarterly statement on monetary policy on Feb 7th.

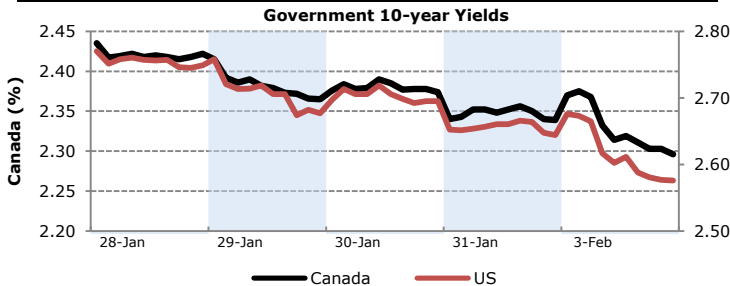
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

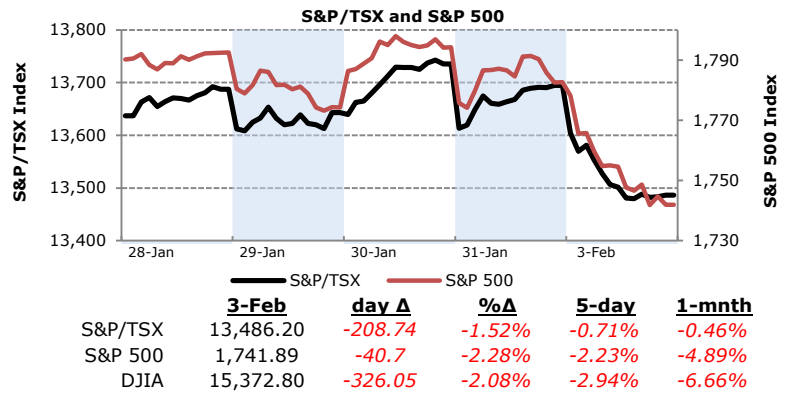
United States	Period	Survey	Actual	Prior
Factory Orders	Dec-13	-1.8%	--	1.8%

Canada
None Scheduled

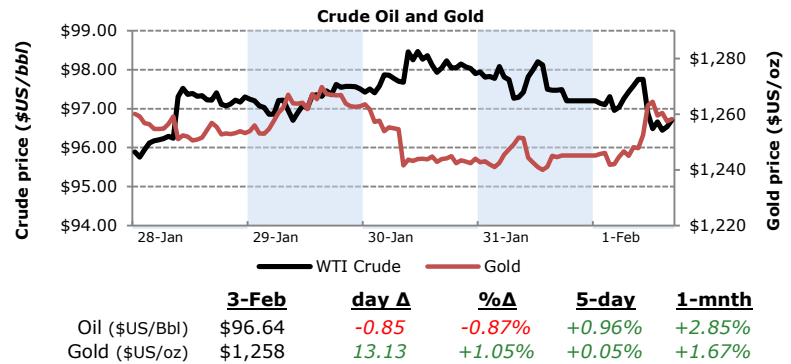
Interest Rates



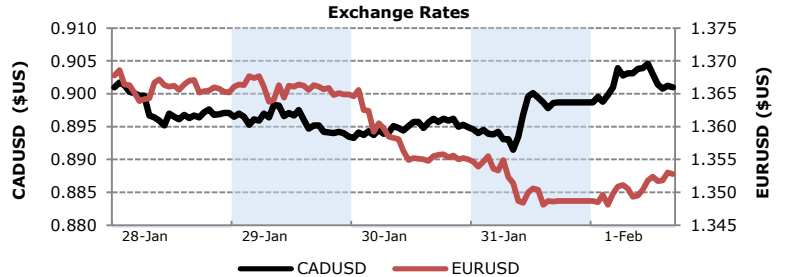
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	3-Feb	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.112	-0.001	1.112	1.064	0.996
EURUSD	\$1.353	+0.004	1.367	1.359	1.358
USDJPY	¥100.98	-1.060	102.550	104.86	93.63

	Government 10-year Yields		Historical levels		
	3-Feb	day Δ	-1 mnth	-3 mnths	-1 year
Canada	2.30%	-0.043%	2.75%	2.54%	2.04%
United States	2.58%	-0.068%	2.99%	2.67%	2.01%

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>

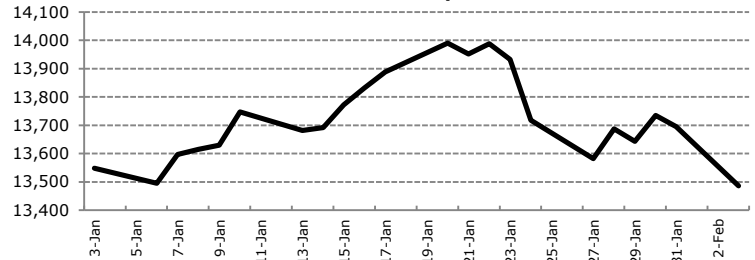
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S&P/TSX Composite

	3-Feb	day Δ	%Δ
S&P/TSX	13,486.20	-208.74	-1.52%
Trailing S&P/TSX			
5-day		-0.71%	-0.82%
1-month		-0.46%	-0.57%
3-months		+1.12%	+0.95%
6-months		+7.01%	+7.09%
12-months		+5.62%	+5.70%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.73%	-1.95%	-1.50%	+30.33%
C. Staples	-1.00%	+0.68%	+1.21%	+22.74%
Energy	-2.10%	-1.04%	-1.58%	+3.13%
Financials	-1.31%	-1.95%	-4.76%	+11.45%
Healthcare	-2.22%	-0.60%	+7.97%	+38.53%
Info Tech	-2.92%	-1.86%	+4.74%	+30.12%
Industrials	-2.07%	+0.40%	-2.29%	+20.57%
Materials	-1.04%	+0.96%	+6.80%	-23.09%
Metals & Mining	-2.59%	-2.86%	+1.97%	-21.82%
Telecom	-1.48%	-0.57%	-0.29%	+2.58%
Utilities	-1.44%	+1.01%	+2.44%	-10.15%

TSX Top Performers

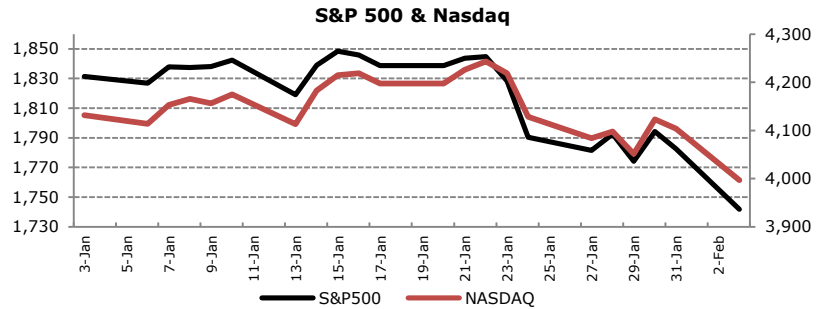
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
B2Gold Corp	+2.66%	+6.30%	+16.88%	-29.69%
Centerra Gold Inc	+2.32%	+8.09%	-7.93%	-47.91%
Semafo Inc	+2.23%	+0.27%	+22.74%	+27.52%
Argonaut Gold Inc	+1.79%	+6.02%	-4.66%	-44.21%
Agnico Eagle Mines Ltd	+1.59%	+4.98%	+22.21%	-21.59%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Atlantic Power Corp	-7.88%	-21.03%	-25.16%	-74.45%
Avigilon Corp	-7.39%	-7.22%	-5.80%	+151.69%
Celestica Inc	-7.33%	-8.65%	-7.91%	+31.11%
Blackpearl Resources Inc	-6.80%	-2.51%	+4.02%	-24.60%
Transglobe Energy Corp	-5.56%	-13.38%	-13.67%	-12.18%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
3-Feb	1,741.89	15,372.80	3,996.96
1-day	-2.28%	-2.08%	-2.61%
5-day	-2.23%	-2.94%	-2.12%
1-month	Dec-13	-6.66%	-3.27%
3-months	-1.12%	-1.55%	+1.91%
6-months	+1.88%	-1.82%	+8.33%
12-months	+15.12%	+9.73%	+25.73%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-2.67%	-3.24%	-7.78%	+21.41%
C. Staples	-2.22%	-3.58%	-6.22%	+6.70%
Energy	-1.78%	-2.91%	-6.54%	+3.60%
Financials	-2.48%	-2.14%	-6.20%	+16.61%
Healthcare	-2.03%	-0.69%	-0.83%	+26.78%
Info Tech	-2.17%	-2.08%	-3.21%	+17.36%
Industrials	-2.69%	-2.51%	-6.14%	+19.74%
Materials	-2.39%	-1.57%	-6.10%	+8.76%
Telecom	-3.68%	-3.78%	-6.51%	-5.58%
Utilities	-0.77%	+1.85%	+3.98%	+5.80%

DJIA Top Performers

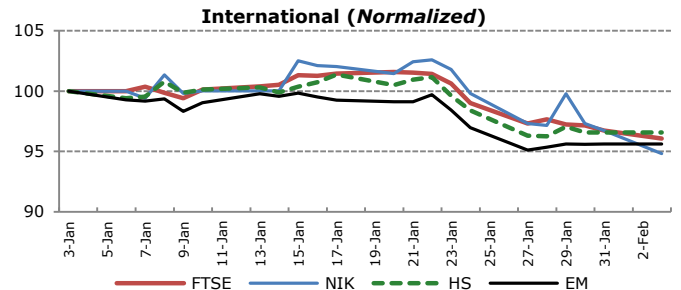
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Pfizer Inc	+0.66%	+3.17%	+0.26%	+13.45%
Chevron Corp	-0.44%	-4.54%	-10.62%	-1.46%
Visa Inc-Class A Shares	-0.91%	-1.27%	-3.48%	+35.68%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
At&T Inc	-4.11%	-4.66%	-6.97%	-5.31%
Microsoft Corp	-3.62%	+1.25%	-1.16%	+34.56%
Walt Disney Co/The	-3.61%	-3.13%	-8.04%	+29.79%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,465.66	14,619.13	22,035.42	936.53
1-day	-0.69%	-1.98%	+0.00%	+0.00%
5-day	-1.30%	-2.58%	+0.27%	+0.52%
1-month	-3.94%	-7.18%	+0.00%	+0.00%
3-months	-4.00%	+2.94%	-1.86%	-4.71%
6-months	-2.74%	+1.06%	+2.82%	+2.53%
12-months	+1.87%	+31.25%	-3.81%	-8.70%



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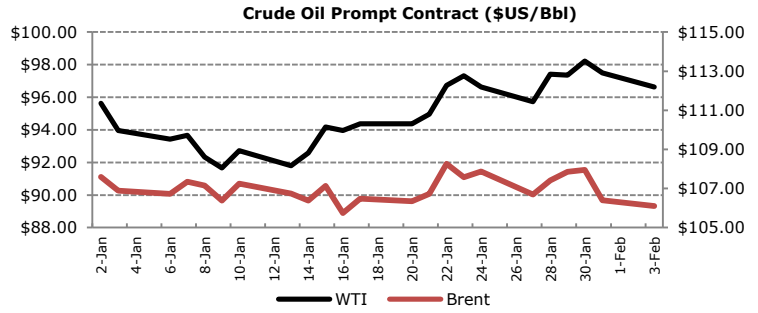
Nymex WTI Crude Oil

(\$US/Bbl)	3-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$96.64	-\$0.85	-0.87%	+0.96%	+2.85%
Cal 14	\$92.93	-\$0.60	-0.64%	+0.27%	-2.75%
Cal 15	\$85.83	-\$0.06	-0.07%	+0.15%	-2.26%

(\$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	\$95.07	\$92.28	\$90.20	\$88.21	\$85.83

Inventory Levels (as of Jan-24)

(MMbbls)	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

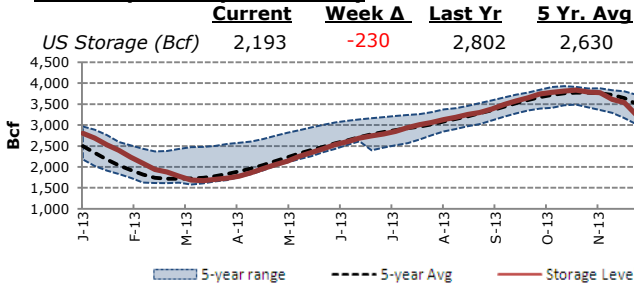


(\$US/Bbl)	3-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$106.10	-\$0.30	-0.28%	-0.55%	-0.74%

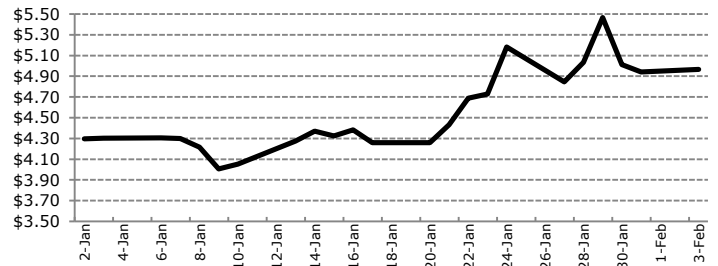
Nymex Natural Gas

(\$US/MMbtu)	3-Feb	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.97	+\$0.02	+0.49%	+2.48%	+15.40%
Apr14-Oct14	\$4.49	+\$0.08	+1.81%	+5.34%	+7.39%
Nov14-Mar15	\$4.64	+\$0.05	+1.14%	+4.99%	+6.38%
Apr15-Oct15	\$4.03	+\$0.01	+0.26%	+0.68%	+0.08%
Nov15-Mar16	\$4.29	+\$0.02	+0.46%	+2.14%	+4.05%

Inventory Levels (as of Jan-24)



Nat Gas Prompt (\$US/MMbtu)



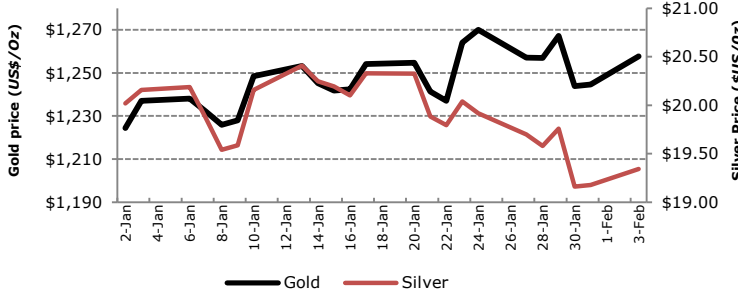
Alberta Natural Gas

(\$CAD/GJ)	3-Feb	day Δ	%Δ
AECO Mar-14	\$4.51	+\$0.05	+1.1%

Precious Metals

\$US/oz	3-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,257.68	+\$13.13	+1.1%	+0.0%	+1.7%	-2.4%
Silver	\$19.34	+\$0.17	+0.9%	-1.8%	-4.0%	-10.1%
Platinum	\$1,383	+\$3.25	+0.2%	-2.1%	-2.1%	-4.3%

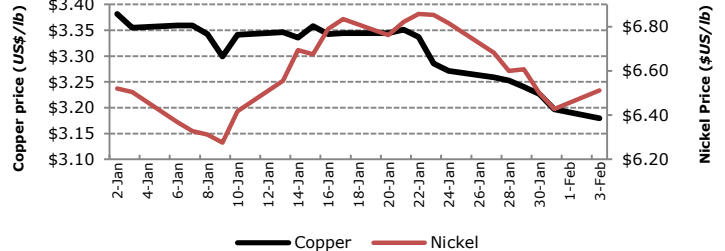
Gold and Silver



Industrial Metals

\$US/lb	3-Feb	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.18	-\$0.02	-0.5%	-2.4%	-5.2%	-2.3%
Nickel	\$6.51	+\$0.08	+1.3%	-2.6%	+0.1%	+0.1%
Zinc	\$0.98	-\$0.00	-0.1%	-2.0%	-3.6%	+5.4%
Aluminum	\$0.75	-\$0.01	-1.3%	-3.8%	-5.1%	-6.3%
Uranium	\$35.70	+\$0.00	0.0%	0.0%	+3.2%	+1.6%

Copper and Nickel



Agriculture & Other

	3-Feb	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.36	+\$0.02	+0.4%	+0.9%	+2.9%
Wheat (\$US/bu)	\$5.64	+\$0.08	+1.4%	+0.0%	-6.9%
Soybeans (\$US/bu)	\$12.93	+\$0.10	+0.8%	+0.4%	+1.7%
Rough Rice (\$US/cwt)	\$15.30	-\$0.10	-0.6%	-1.2%	-1.9%
Sugar #11 (¢US/lb)	¢15.74	+¢0.19	+1.2%	+6.4%	-2.1%
Lean Hogs (¢US/lb)	¢93.13	-¢1.68	-1.8%	-1.2%	+1.7%
Live Cattle (¢US/lb)	¢139.65	-¢0.78	-0.6%	-0.6%	+2.3%
Cotton No.2 (\$US/lb)	\$0.85	-\$0.01	-1.0%	+0.9%	+2.5%
Lumber (\$US/Mbft)	\$352.30	-\$1.50	-0.4%	-0.6%	-2.3%

Commodity ETFs

\$CAD	3-Feb	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.45	-\$0.06	-1.3%	+2.1%	+4.7%
HBP Nat Gas U	\$16.52	+\$0.16	+1.0%	+5.9%	+26.3%
iShares Gold ETF	\$11.18	+\$0.12	+1.1%	+0.3%	+1.9%

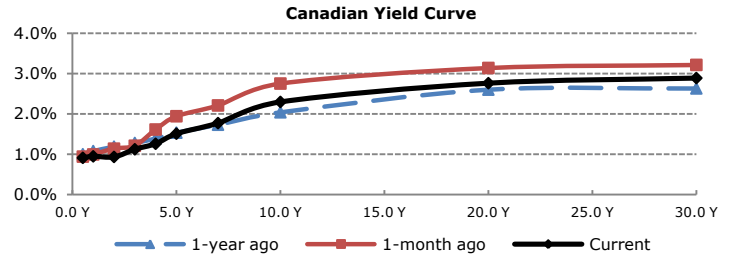
\$USD	3-Feb	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.52	-\$0.28	-0.8%	0.85%	+2.3%
US Nat Gas	\$24.31	+\$0.13	+0.5%	4.02%	+15.4%
PSDB Agriculture	\$24.96	+\$0.31	+1.3%	2.80%	+2.1%
PSDB Base Metals	\$15.75	-\$0.15	-0.9%	-3.37%	-5.1%

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Interest Rates

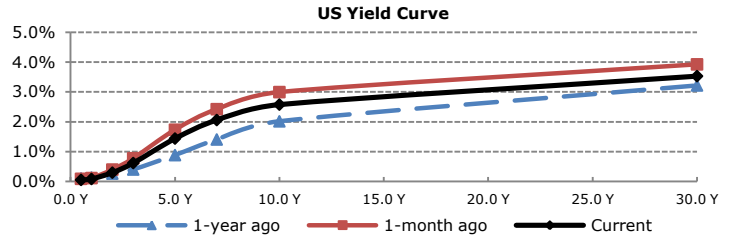
Canadian yield curve

	3-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.89%	0.90%	0.93%
6-mnth	0.91%	-	0.94%	0.94%	1.00%
12-mnth	0.95%	-	0.99%	1.00%	1.08%
2-year	0.93%	-0.01%	1.14%	1.13%	1.19%
5-year	1.51%	-0.04%	1.94%	1.81%	1.53%
10-year	2.30%	-0.04%	2.75%	2.54%	2.04%
20-year	2.76%	-0.04%	3.14%	3.02%	2.60%
30-year	2.89%	-0.04%	3.21%	3.10%	2.63%

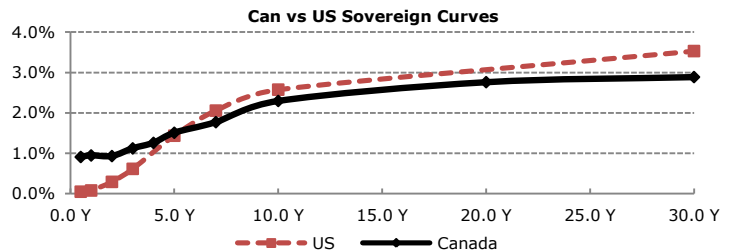
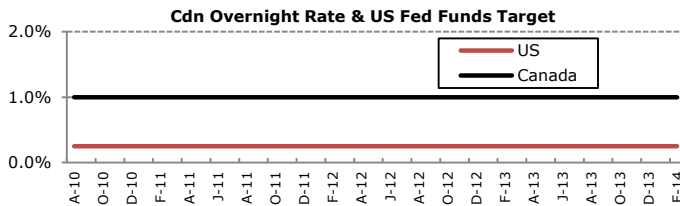


US yield curve

	3-Feb	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.03%	+0.01%	0.07%	0.05%	0.07%
6-mnth	0.05%	-	0.09%	0.09%	0.10%
12-mnth	0.08%	-	0.11%	0.10%	0.13%
2-year	0.29%	-0.03%	0.40%	0.30%	0.26%
5-year	1.44%	-0.05%	1.73%	1.38%	0.88%
10-year	2.58%	-0.07%	2.99%	2.67%	2.01%
30-year	3.53%	-0.07%	3.92%	3.77%	3.22%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	5-Mar-14	1.00%
US Fed Funds	0.25%	0.25%	18-Mar-14	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	3-Feb	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.112	-0.001		1.064	1.042	0.996
EURUSD	\$1.353	+0.004		1.359	1.349	1.358
USDJPY	¥100.98	-1.060		104.86	98.67	93.63
GBPUSD	\$1.631	-0.013		1.642	1.593	1.566
AUDUSD	\$0.875	-0.000		0.895	0.944	1.039

	Spot	3-Feb	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥90.82	-0.872		98.59	94.67	94.05
CADAUD	\$1.028	+0.001		1.051	1.017	0.967
GBPUSD	£1.813	-0.017		1.746	1.660	1.559
EURJPY	¥136.57	-1.060		142.48	133.08	127.18
EURAUD	\$1.55	+0.005		1.52	1.43	1.31

Economic Releases

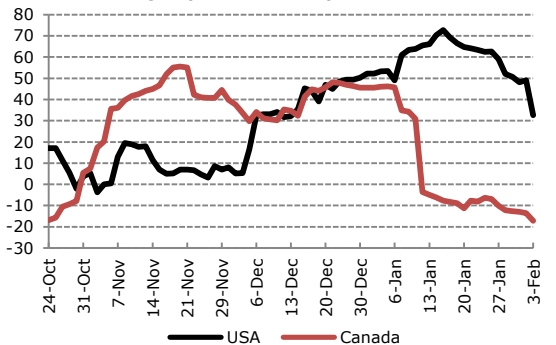
United States

		Period	Survey	Actual	Prior
Mon, Feb 03	ISM Manufacturing	31-Jan	56	51.3	57
Tue, Feb 04	Factory Orders	31-Dec	-1.8%	--	1.8%
Wed, Feb 05	ADP Employment Change	31-Jan	187K	--	238K
Thu, Feb 06	Continuing Claims	25-Jan	2995K	--	2991K
Thu, Feb 06	Initial Jobless Claims	1-Feb	335K	--	348K
Thu, Feb 06	Trade Balance	31-Dec	-36B	--	-40.6B
Fri, Feb 07	Nonfarm Payroll	31-Jan	185K	--	74K

Canada

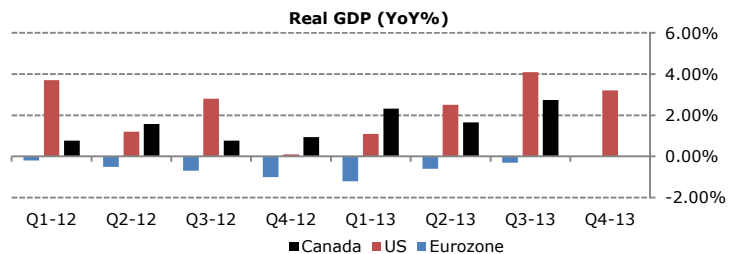
		Period	Survey	Actual	Prior
Wed, Feb 05	Building Permits (MoM)	31-Dec	1.5%	--	-6.7%
Fri, Feb 07	Net Change in Employment	31-Jan	20K	--	-45.9K
Fri, Feb 07	Unemployment	31-Jan	7.1%	--	7.2%

Citigroup Economic Surprise Index



Economics

	Q1-13	Q2-13	Q3-13	Q4-13	2013E
Canada					
Real GDP	2.32%	1.65%	2.74%	NA	1.70%
CPI	0.90%	0.77%	1.17%	0.93%	1.00%
Unemployment	7.30%	7.10%	6.90%	7.20%	7.05%
US					
Real GDP	1.10%	2.50%	4.10%	3.20%	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					
Real GDP	7.70%	7.50%	7.80%	7.70%	7.70%



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