

Today's Commentary

North American indices took a major tumble yesterday, with the TSX, Dow, and S&P 500 all falling, as oil dipped below the psychological \$50 mark for the first time since 2009, and political uncertainty in the European Union fed market fear. The start of the New Year may also have coincided with profit-taking by investors consolidating gains. The Dow and S&P 500 both fell over 1.8%, while the TSX recorded a loss of 2.45%, with nine of ten sectors declining. The TSX's energy sector recorded the largest loss of the sectors for the day, falling 6.5%, as the drop in oil sparked a sell-off of energy stocks. Yields on US 10 year bonds lost 8bps to 2.04%, while Canadian 10s lost 5bps to 1.69% as investors sought safety.

The nose-dive in oil prices of approximately 5% yesterday comes on the back of renewed concerns of a global supply glut, with production around the world showing no signs of slowing. Data yesterday showed Russian oil output reached post-Soviet era highs in 2014 while Iraqi oil exports closed in on 35-year record highs in December. Sliding crude prices sent jitters through markets, particularly due to its muting effect on inflation. Anthony Cronin, a Treasury-bond trader at Société Générale SA explained to clients, "Falling oil prices are making investors nervous because the rest of the world is trying to avoid deflation." With geopolitical risks back on the table in Europe, gold has decoupled from oil despite being in what many analysts still believe is a bear market. February futures contracts tracking bullion have jumped to a three-week high of \$1,204 a troy ounce on the Comex, up 1.5% on the day.

European Stock Indexes fell the most in over 3 years, with the Euro Stoxx 50 and the Euro Stoxx 600 falling 3.7% and 2.2% respectively. European energy companies, including Royal Dutch Shell and BP Plc, took the hardest hit of the 19 industries in the Stoxx 600. Concern that Greece would exit the Eurozone also resulted in Greek lenders, particularly European banks, taking some of the largest losses on the Stoxx 600. Additionally the Euro hit \$1.1909, its lowest level in almost 9 years, while Germany reported its lowest inflation since 2009. Annual inflation came in at 0.1%, falling short of the predicted 0.2%. This is increasing concerns of deflation, and strengthening the case for increased stimulus in the Eurozone.

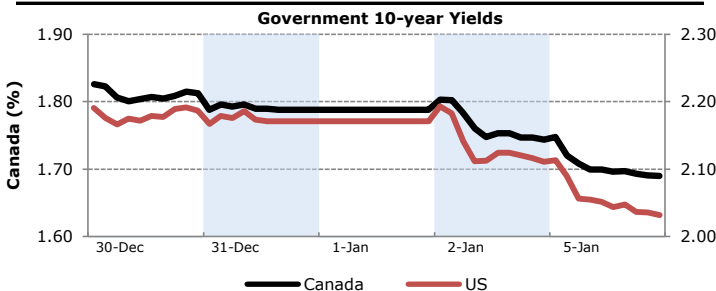
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Factory Orders	30-Nov	-0.5%	--	-0.7%
ADP Employment Change	31-Dec	225K	--	208K
Trade Balance	30-Nov	-42B	--	-43.4B

Canada	Period	Survey	Actual	Prior
None Scheduled				

Interest Rates

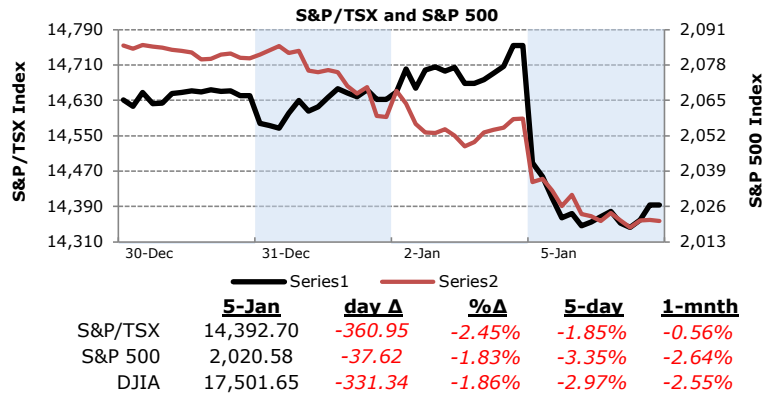


Master of Financial Economics Program

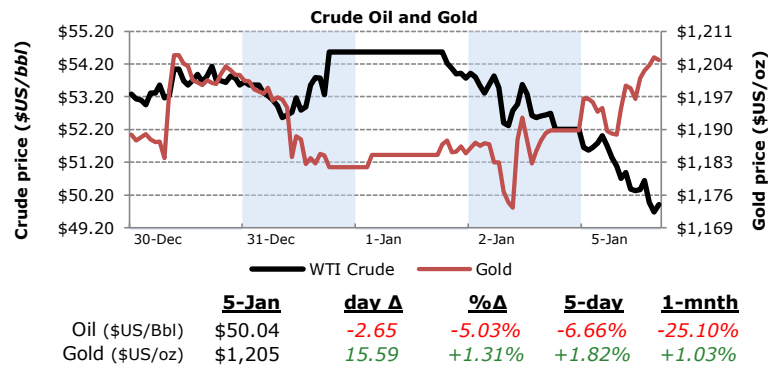
The Master of Financial Economics Program at the University of Toronto is a collaborative program of the Department of Economics and the Rotman School of Management. The program's key objective is to provide a broad understanding of Financial Theory and the Economics framework upon which that theory 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/>

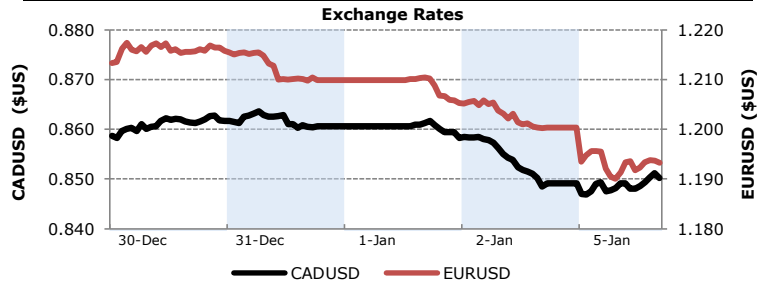
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	5-Jan	day Δ	-5 days	-1 mnth	-1 year
USDCAD	\$1.176	-0.002	-0.002	1.164	1.137	1.066
EURUSD	\$1.193	-0.007	-0.007	1.215	1.231	1.363
USDJPY	¥119.64	-0.860	-0.860	120.670	119.79	104.22

Government 10-year Yields

	5-Jan	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.69%	-0.054%	1.96%	2.03%	2.75%
United States	2.03%	-0.078%	2.31%	2.34%	2.99%

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.

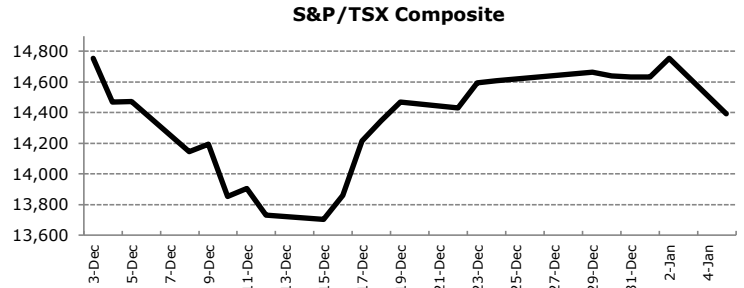
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	5-Jan	day Δ	%Δ
S&P/TSX	14,392.70	-360.95	-2.45%
Trailing S&P/TSX			
5-day		-1.85%	-2.22%
1-month		-0.56%	-0.89%
3-months		-2.68%	-1.98%
6-months		-5.40%	-3.59%
12-months		+6.23%	+7.69%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.70%	-1.96%	+0.39%	+25.22%
C. Staples	-1.83%	-0.80%	+6.53%	+44.49%
Energy	-6.50%	-6.06%	-4.15%	-21.93%
Financials	-2.10%	-2.79%	-2.14%	+7.18%
Healthcare	-1.29%	+0.61%	+1.97%	+17.79%
Info Tech	-1.38%	-1.19%	+2.11%	+34.38%
Industrials	-2.90%	-3.40%	-1.17%	+14.52%
Materials	-0.35%	+4.37%	+1.80%	-3.13%
Metals & Mining	-4.35%	+0.78%	-0.98%	-13.10%
Telecom	-1.09%	-0.90%	+0.33%	+8.68%
Utilities	+0.01%	+1.19%	+0.93%	+12.84%

TSX Top Performers

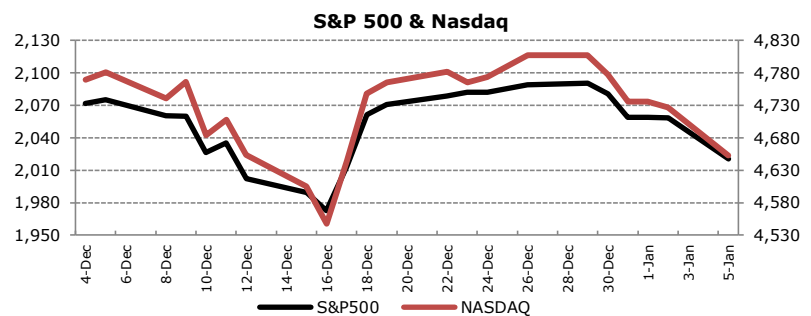
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Novagold Resources Inc		+9.09%	+18.56%	+30.26%	+38.46%
Alamos Gold Inc		+8.47%	+19.26%	+14.30%	-27.75%
Iamgold Corp		+7.58%	+28.16%	+31.00%	-4.83%
Pretium Resources Inc		+6.91%	+29.22%	+19.08%	+38.21%
Alacer Gold Corp		+6.50%	+14.41%	+11.49%	+13.84%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Meg Energy Corp		-22.20%	-19.21%	-9.03%	-47.97%
Pacific Rubiales Energy C		-18.89%	-19.97%	-31.11%	-66.58%
Legacy Oil + Gas Inc		-18.75%	-15.74%	-23.85%	-69.87%
Trilogy Energy Corp		-17.56%	-8.45%	-17.93%	-72.06%
Lightstream Resources Ltd		-14.63%	-11.02%	-45.20%	-80.40%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
5-Jan	2,020.58	17,501.65	4,652.57
1-day	-1.83%	-1.86%	-1.57%
5-day	-3.35%	-2.97%	-3.21%
1-month	-2.64%	-2.55%	-2.68%
3-months	+2.68%	+2.89%	+3.95%
6-months	+1.77%	+2.54%	+3.71%
12-months	+10.33%	+6.26%	+12.60%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.99%	-3.41%	-1.56%	+5.93%
C. Staples	-0.77%	-2.73%	-1.48%	+13.04%
Energy	-3.99%	-4.90%	-4.38%	-11.84%
Financials	-2.09%	-3.38%	-2.20%	+10.66%
Healthcare	-0.61%	-1.60%	-3.32%	+23.46%
Info Tech	-1.77%	-3.76%	-3.18%	+17.74%
Industrials	-2.32%	-3.92%	-3.25%	+5.94%
Materials	-2.67%	-3.67%	-4.50%	+2.98%
Telecom	-1.01%	-2.10%	-2.89%	-1.14%
Utilities	-1.31%	-4.61%	+2.83%	+25.66%

DJIA Top Performers

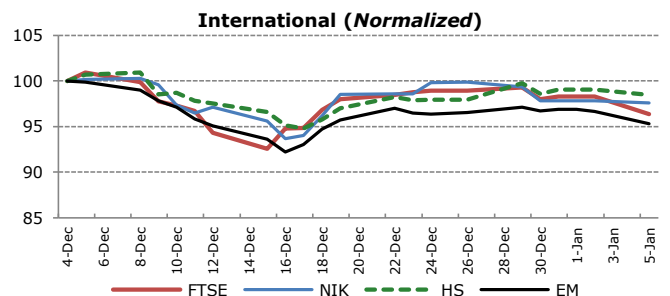
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Merck & Co. Inc.		+1.49%	+0.54%	-4.90%	+20.27%
Coca-Cola Co/The		+0.00%	-1.68%	-3.19%	+7.27%
Wal-Mart Stores Inc		-0.29%	-1.14%	+1.82%	+11.63%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Caterpillar Inc		-5.28%	-7.13%	-11.90%	-0.53%
Chevron Corp		-4.00%	-4.62%	-2.52%	-9.98%
Goldman Sachs Group Inc		-3.12%	-4.00%	-3.64%	+7.11%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,417.16	17,408.71	23,721.32	940.69
1-day	-2.00%	-0.24%	-0.57%	-1.37%
5-day	-3.26%	-1.81%	-0.22%	-1.88%
1-month	-4.83%	-2.86%	-1.17%	-4.56%
3-months	-1.70%	+10.82%	+2.85%	-5.67%
6-months	-6.54%	+12.77%	+0.74%	-11.44%
12-months	-4.66%	+6.86%	+3.96%	-3.96%



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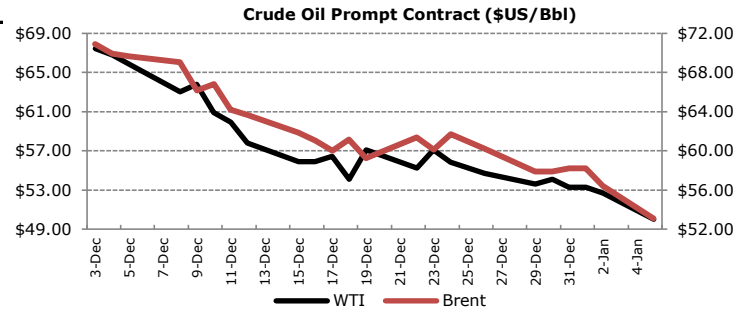
Nymex WTI Crude Oil

(\$US/Bbl)	5-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$50.04	-\$2.65	-5.03%	-6.66%	-25.10%
Cal 15	\$53.45	-\$2.32	-4.16%	-5.05%	-29.28%
Cal 16	\$60.51	-\$1.71	-2.75%	-2.91%	-20.18%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$66.65	\$70.00	\$75.00	\$80.00	\$80.00
Current Forward	\$51.95	\$54.17	\$56.34	\$58.21	\$60.51

Inventory Levels (as of Dec-26)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	385,455	-1,754	337,426	319,411
Motor Gas	229,048	+2,951	214,389	200,481
Distillates	125,721	+1,874	171,756	140,851



UK Brent Crude Oil

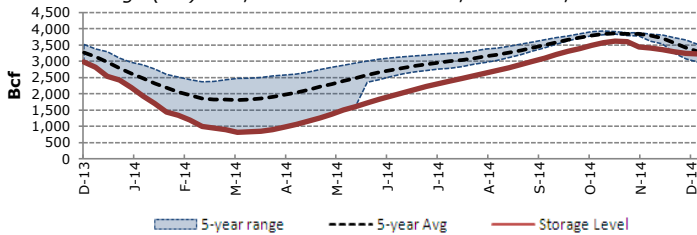
(\$US/Bbl)	5-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$53.11	-\$3.31	-6.23%	-8.24%	-24.04%

Nymex Natural Gas

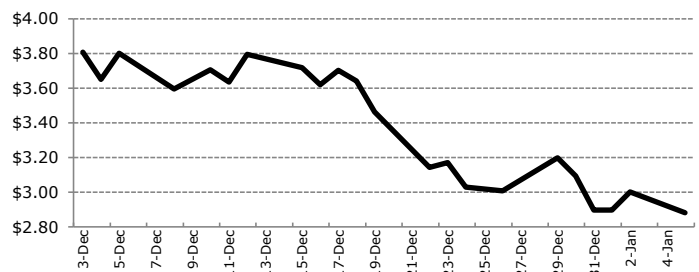
(\$US/MMbtu)	5-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.88	-\$0.12	-4.03%	-9.91%	-21.02%
Feb15-Mar15	\$2.87	-\$0.11	-3.78%	-9.09%	-29.82%
Apr15-Oct15	\$2.93	-\$0.11	-3.51%	-8.18%	-22.63%
Nov15-Mar16	\$3.35	-\$0.10	-2.91%	-6.72%	-17.26%
Apr16-Oct16	\$3.32	-\$0.08	-2.41%	-5.72%	-12.74%

Inventory Levels (as of Dec-26)

	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	3,220	-26	2,974	3,301



Nat Gas Prompt (\$US/MMbtu)



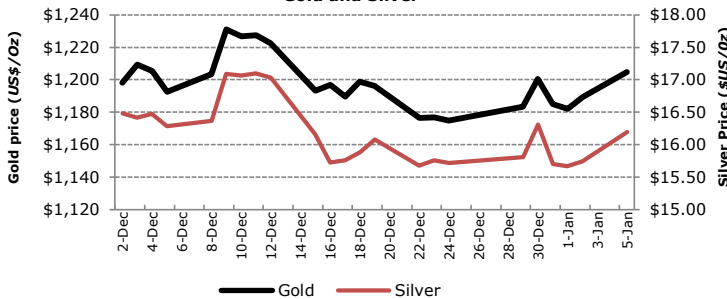
Alberta Natural Gas

(\$CAD/GJ)	5-Jan	day Δ	%Δ
AECO Feb-15	\$2.65	-\$0.06	-2.4%

Precious Metals

\$US/oz	5-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,204.82	+\$15.59	+1.3%	+1.8%	+1.0%	-1.5%
Silver	\$16.19	+\$0.45	+2.8%	+2.4%	-0.6%	-6.9%
Platinum	\$1,213	+\$10.55	+0.9%	+0.9%	-0.9%	-3.9%

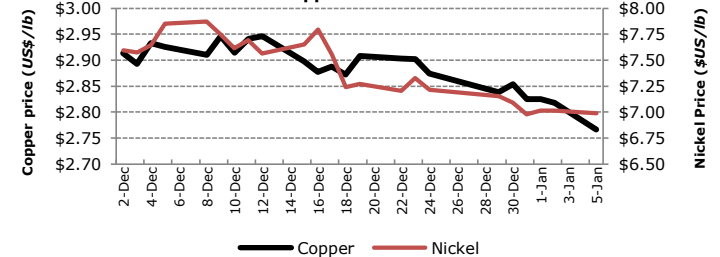
Gold and Silver



Industrial Metals

\$US/lb	5-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.77	-\$0.05	-1.8%	-2.5%	-5.5%	-8.9%
Nickel	\$6.99	-\$0.03	-0.4%	#####	-11.0%	-10.6%
Zinc	\$1.08	+\$0.01	+0.7%	#####	-1.4%	-6.1%
Aluminum	\$0.89	+\$0.00	0.0%	#####	-7.3%	-4.3%
Uranium	\$35.15	-\$0.10	-0.3%	-1.5%	-7.5%	-1.0%

Copper and Nickel



Agriculture & Other

	5-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.06	+\$0.10	+2.6%	-1.6%	+2.8%
Wheat (\$US/bu)	\$5.89	+\$0.08	+1.3%	-4.3%	-0.8%
Soybeans (\$US/bu)	\$10.45	+\$0.38	+3.7%	-0.3%	+0.3%
Rough Rice (\$US/cwt)	\$11.59	+\$0.04	+0.3%	-4.0%	-6.0%
Sugar #11 (¢US/lb)	\$14.26	+¢0.09	+0.6%	-2.3%	-5.8%
Lean Hogs (¢US/lb)	¢79.93	-¢1.38	-1.7%	-2.3%	-6.7%
Live Cattle (¢US/lb)	¢166.23	+¢0.55	+0.3%	+0.7%	+0.8%
Cotton No.2 (\$US/lb)	\$0.61	+\$0.01	+1.9%	-2.1%	+1.8%
Lumber (\$US/Mbft)	\$325.60	-\$2.00	-0.6%	-2.6%	-3.0%

Commodity ETFs

\$CAD	5-Jan	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$2.41	-\$0.29	-10.7%	-14.2%	-47.0%
HBP Nat Gas U	\$5.11	-\$0.09	-1.7%	-15.0%	-43.3%
iShares Gold ETF	\$10.70	+\$0.13	+1.2%	+1.7%	-0.6%

\$USD	5-Jan	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$18.79	-\$1.10	-5.5%	-7.44%	-21.4%
US Nat Gas	\$14.87	-\$0.09	-0.6%	-7.47%	-19.5%
PSDB Agriculture	\$24.94	+\$0.30	+1.2%	-1.15%	-1.3%
PSDB Base Metals	\$15.76	-\$0.16	-1.0%	-0.44%	-4.3%

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Interest Rates

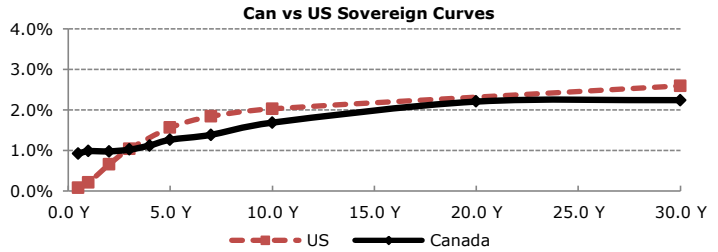
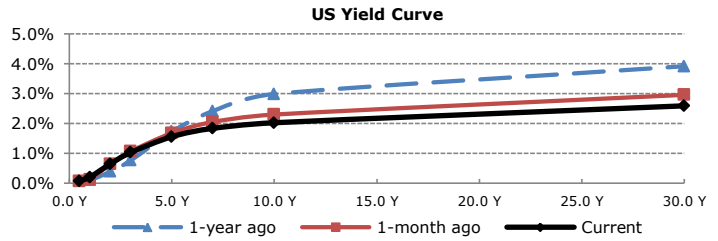
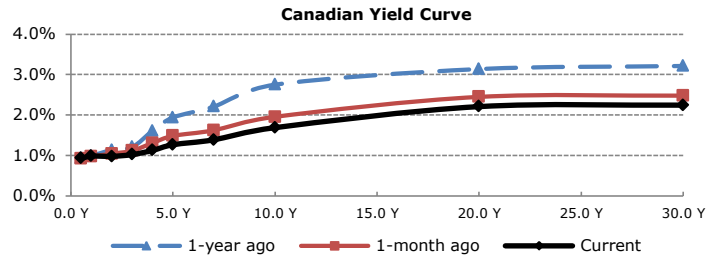
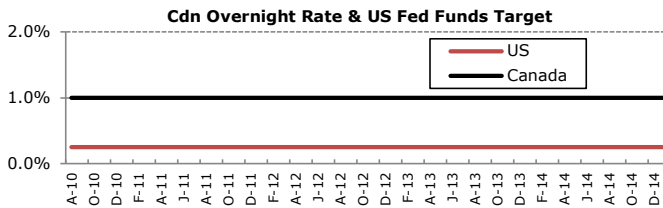
Canadian yield curve

	5-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.90%	0.90%	0.89%
6-mnth	0.93%	-	0.92%	0.93%	0.94%
12-mnth	0.99%	-0.00%	0.97%	0.99%	0.99%
2-year	0.98%	-0.02%	1.05%	1.09%	1.14%
5-year	1.27%	-0.04%	1.49%	1.52%	1.94%
10-year	1.69%	-0.05%	1.96%	2.03%	2.75%
20-year	2.21%	-0.06%	2.45%	2.51%	3.14%
30-year	2.25%	-0.05%	2.48%	2.55%	3.21%

US yield curve

	5-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-0.01%	0.01%	0.01%	0.07%
6-mnth	0.08%	-0.02%	0.08%	0.04%	0.09%
12-mnth	0.21%	-0.01%	0.14%	0.09%	0.11%
2-year	0.66%	-0.01%	0.64%	0.50%	0.40%
5-year	1.56%	-0.04%	1.68%	1.62%	1.73%
10-year	2.03%	-0.08%	2.31%	2.34%	2.99%
30-year	2.60%	-0.09%	2.97%	3.05%	3.92%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	21-Jan-15	1.00%
US Fed Funds	0.25%	0.25%	28-Jan-15	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

<i>Spot</i>	5-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.176	-0.002	1.137	1.116	1.066
EURUSD	\$1.193	-0.007	1.231	1.267	1.363
USDJPY	¥119.64	-0.860	119.79	108.42	104.22
GBPUSD	\$1.525	-0.008	1.569	1.615	1.641
AUDUSD	\$0.808	-0.001	0.841	0.880	0.897

	<i>Spot</i>	5-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥101.71	-0.535		105.41	97.17	97.81
CADAUD	\$1.052	+0.003		1.047	1.018	1.047
GBPCAD	£1.794	-0.013		1.783	1.801	1.748
EURJPY	¥142.76	-1.870		147.48	137.35	142.04
EURAUD	\$1.48	-0.008		1.46	1.44	1.52

Economic Releases

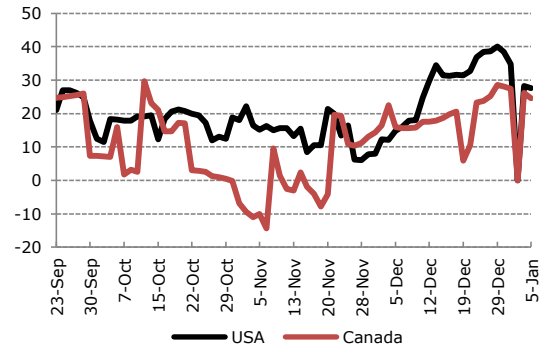
United States

		Period	Survey	Actual	Prior
Tue, Jan 06	Factory Orders	30-Nov	-0.5%	--	-0.7%
Wed, Jan 07	ADP Employment Change	31-Dec	225K	--	208K
Wed, Jan 07	Trade Balance	30-Nov	-42B	--	-43.4B
Thu, Jan 08	Continuing Claims	27-Dec	2360K	--	2353K
Thu, Jan 08	Initial Jobless Claims	3-Jan	290K	--	298K
Fri, Jan 09	Nonfarm Payroll	31-Dec	240K	--	214K
Fri, Jan 09	Unemployment Rate	31-Dec	5.7%	--	0%

Canada

		Period	Survey	Actual	Prior
Fri, Jan 09	Building Permits (MoM)	30-Nov	0.5%	--	0.7%
Fri, Jan 09	Net Change in Employment	31-Dec	14.5K	--	-10.7K
Fri, Jan 09	Unemployment	31-Dec	6.6%	--	6.6%
Fri, Jan 09	Housing Starts	31-Dec	191K	--	195.62K

Citigroup Economic Surprise Index



Economics

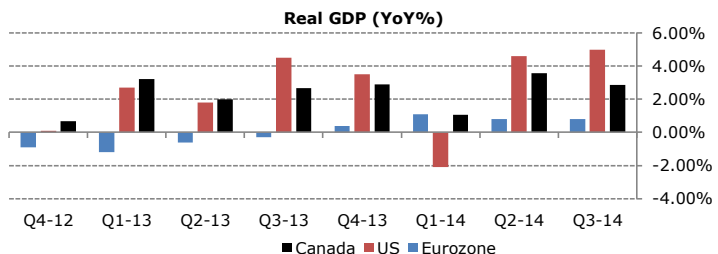
<i>Canada</i>	Q4-13	Q1-14	Q2-14	Q3-14	2013E
Real GDP	2.90%	1.05%	3.59%	2.85%	1.80%
CPI	0.93%	1.37%	2.23%	2.07%	0.90%
Unemployment	7.20%	6.90%	7.10%	6.80%	7.05%

US

Real GDP	3.50%	-2.10%	4.60%	5.00%	1.90%
CPI	1.23%	1.40%	2.07%	1.80%	1.50%
Unemployment	6.70%	6.70%	6.10%	5.90%	7.40%

China

Real GDP	7.70%	7.40%	7.50%	7.30%	7.70%
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