

## Today's Commentary

The Daily Roll welcomes readers back after the holiday break!

North American markets ended 2014 on a bright note, with the S&P 500 up 11.4% over the year while the TSX posted a 7.4% climb. American economic data released in December continued to impress. November saw 321K jobs created, blowing away consensus predictions of 230K, while wage growth began to creep into the data with a 2.1 percent rise for the month. Coupled with a revision of third quarter GDP to 5%, the quickest pace of growth in 11 years, the US economy is showing signs that it is ready to withstand monetary policy normalization despite muted inflation. In Canada, the CPI fell 0.4% in November from October, as inflationary pressures from a depreciating loonie have begun to cool due to the fall in energy prices. Lower oil prices gives the BOC more breathing room to push back the pace of monetary tightening.

EU markets fell as Greece's parliament was unsuccessful in electing a new president. This means there will be an early Greek election on January 25th. The left wing Syriza party is favoured to win, and plans to end the austerity which had been put in place due to earlier Greek bailouts, and could mean Greece's exit from the Eurozone. Lithuania joined the Eurozone January 1st, the former communist country becoming the 19th member of the bloc. Though Greece's political troubles and possible exit may see Lithuania as the latest addition for several years. Germany's DAX index is predicted to perform much better in the coming year, posting only 3.9% gain in 2014. Expectations for the index are gains upwards of 9%, with the depreciating euro now at a 9 year low, and the ECB bond buying program both helping to improve German companies.

Asian markets performed well overall in 2014, with the Nikkei 225 rising over 7% while the Shanghai benchmark index surged 50% on the year making it the best performing major index in the world. In Japan, Abe was successfully re-elected as prime minister in December and unveiled a \$29 billion USD stimulus package aimed at helping small businesses and rural communities that have so far been left behind by Abenomics. The package consists primarily of subsidies through which the government expects to bolster GDP by 0.7%. In China, the official purchasing managers index slipped to 50.1 from 50.3 in December, its lowest level in 2014. This suggests that China's manufacturing sector is slowing due to depressed demand and reinforces the belief that China will likely fall short of its 7.5% growth target for 2014.

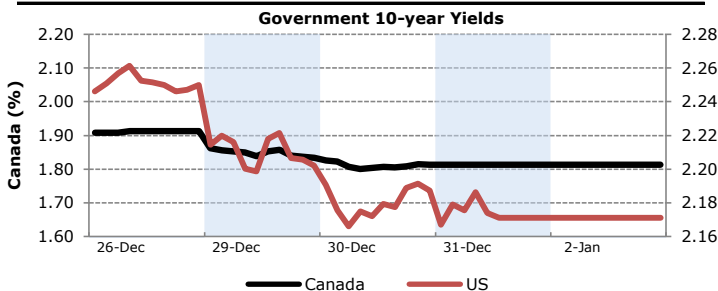
*The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.*

## Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
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.

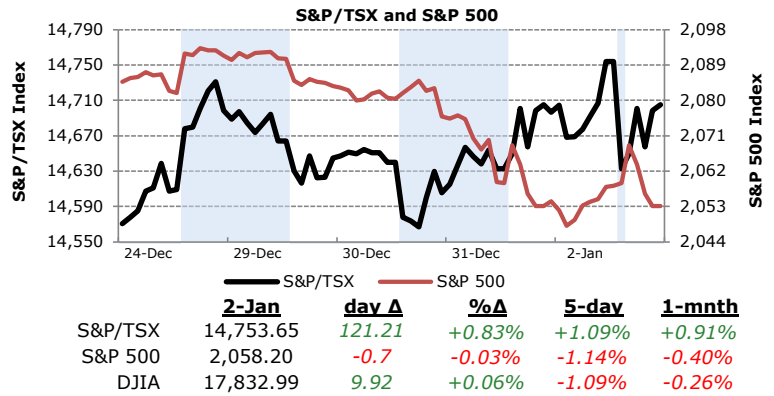
<http://www.economics.utoronto.ca/index.php/index/mfe/>

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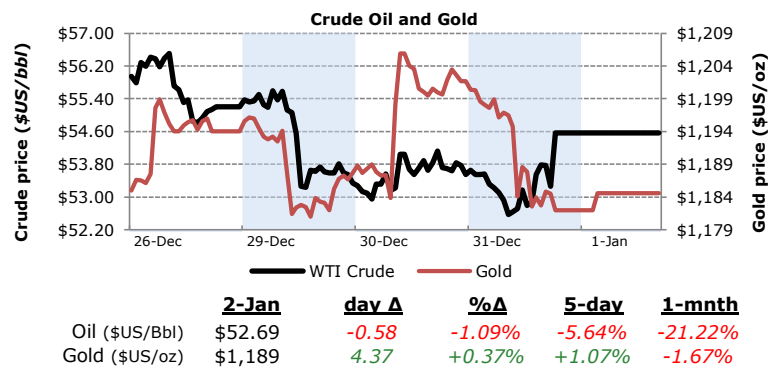


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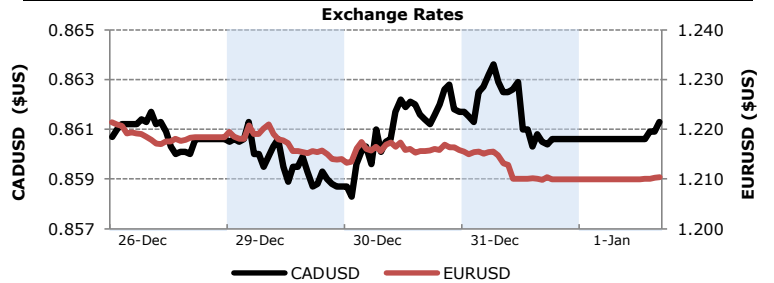
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	2-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.179	+0.016	1.162	1.133	1.067
EURUSD	\$1.200	-0.010	1.217	1.247	1.367
USDJPY	¥120.50	+0.720	120.690	118.40	104.81

Government 10-year Yields

	2-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.74%	-0.044%	1.94%	2.09%	2.74%
United States	2.11%	-0.061%	2.28%	2.43%	2.99%

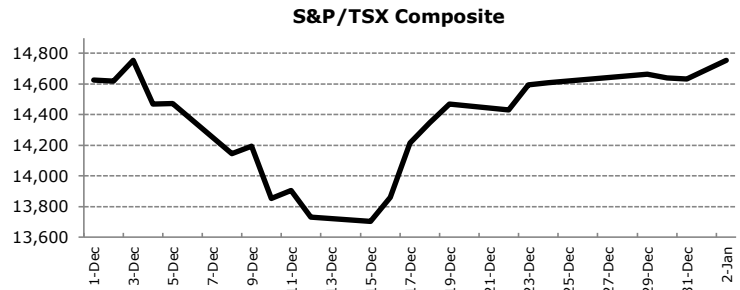
## Rotman Finance Association



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.

<http://www.rotman.utoronto.ca/financeassociation>

	<b>2-Jan</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	14,753.65	121.21	+0.83%
<b>Trailing S&amp;P/TSX</b>			
5-day		+1.09%	+0.90%
1-month		+0.91%	+0.51%
3-months		-0.05%	+0.87%
6-months		-3.00%	-0.97%
12-months		+8.53%	+10.12%



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
C. Discretionary	+0.13%	+0.08%	+2.43%	+27.40%
C. Staples	+0.14%	+0.80%	+6.70%	+46.36%
Energy	+1.58%	-0.77%	-1.44%	-17.03%
Financials	-0.01%	-0.08%	-2.00%	+9.28%
Healthcare	+1.77%	+2.33%	+2.23%	+19.70%
Info Tech	+0.46%	+0.84%	+5.96%	+36.49%
Industrials	-0.04%	+0.36%	+1.39%	+17.99%
Materials	+2.86%	+6.70%	+2.28%	-3.76%
Metals & Mining	+3.39%	+6.79%	+3.03%	-10.44%
Telecom	+0.96%	+0.73%	+0.42%	+9.80%
Utilities	+0.98%	+1.60%	-0.68%	+12.49%

### TSX Top Performers

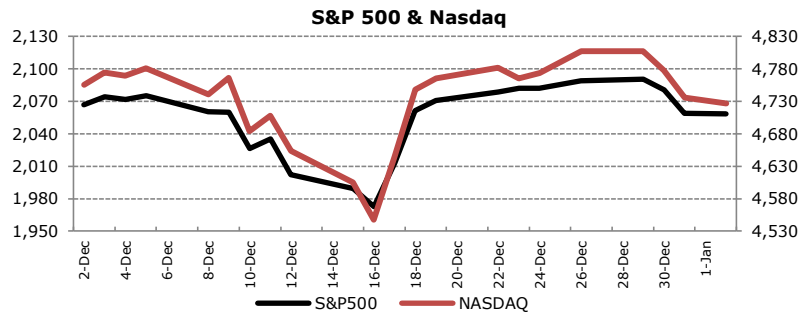
<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
Trilogy Energy Corp	+13.02%	+4.44%	-10.60%	-67.57%
Detour Gold Corp	+10.01%	+31.98%	+11.30%	+128.95%
Agnico Eagle Mines Ltd	+9.68%	+18.58%	+14.93%	+7.82%
Torex Gold Resources Inc	+8.94%	+20.72%	-0.74%	+36.73%
Paramount Resources Ltd	+7.93%	+4.66%	-12.18%	-21.78%

### TSX Worst Performers

<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
Ccl Industries Inc - CI B	-2.96%	-1.52%	-0.56%	+55.74%
Transcontinental Inc-CI A	-2.72%	-0.80%	+9.52%	+12.42%
Aimia Inc	-2.40%	-3.32%	-1.72%	-26.19%
Fairfax Financial Hldgs L	-2.11%	-3.06%	-0.26%	+40.05%
Newalta Corp	-1.81%	+4.27%	+5.35%	-0.23%

### US Indices

<b>Trailing</b>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
2-Jan	2,058.20	17,832.99	4,726.81
1-day	-0.03%	+0.06%	-0.20%
5-day	-1.14%	-1.09%	-0.98%
1-month	-0.40%	-0.26%	-0.61%
3-months	+5.76%	+6.14%	+6.70%
6-months	+4.23%	+5.05%	+6.04%
12-months	+12.35%	+8.46%	+14.09%



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
C. Discretionary	-0.72%	-0.23%	+0.76%	+7.80%
C. Staples	-0.35%	-2.14%	-1.47%	+13.71%
Energy	+0.43%	-0.75%	-1.25%	-8.40%
Financials	+0.03%	-0.96%	+1.40%	+13.75%
Healthcare	+0.39%	+0.01%	-1.95%	+24.47%
Info Tech	-0.15%	-2.11%	-1.04%	+19.28%
Industrials	-0.15%	-1.62%	+0.04%	+8.75%
Materials	+0.18%	-0.91%	-0.26%	+5.62%
Telecom	+0.52%	-1.00%	-3.02%	-0.82%
Utilities	+0.57%	-1.09%	+2.95%	+26.96%

### DJIA Top Performers

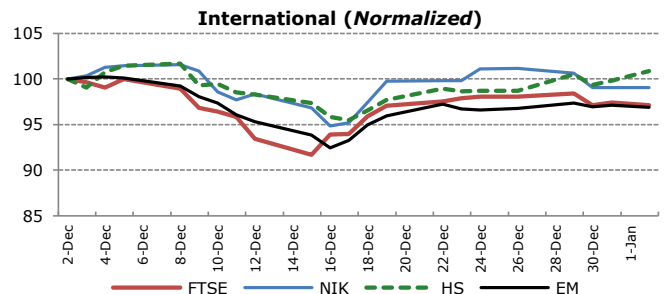
<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
Visa Inc-Class A Shares	+1.08%	-0.98%	+1.93%	+19.91%
Intl Business Machines Co	+1.01%	+0.15%	-0.37%	-12.65%
At&T Inc	+0.83%	-0.27%	-1.22%	-3.09%

### DJIA Worst Performers

<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
Home Depot Inc	-1.47%	-0.13%	+5.37%	+26.10%
Nike Inc -CI B	-1.16%	-1.31%	-3.07%	+21.46%
General Electric Co	-0.83%	-2.98%	-3.80%	-8.87%

### International Markets

<b>Trailing</b>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	6,547.80	17,450.77	23,857.82	953.72
1-day	-0.28%	+0.00%	+1.07%	-0.27%
5-day	-0.76%	-2.01%	+2.25%	+0.27%
1-month	-2.88%	-1.20%	+0.86%	-3.13%
3-months	+1.57%	+11.42%	+4.03%	-3.91%
6-months	-3.94%	+13.54%	+1.31%	-10.07%
12-months	-2.53%	+9.69%	+2.22%	-3.74%



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### Nymex WTI Crude Oil

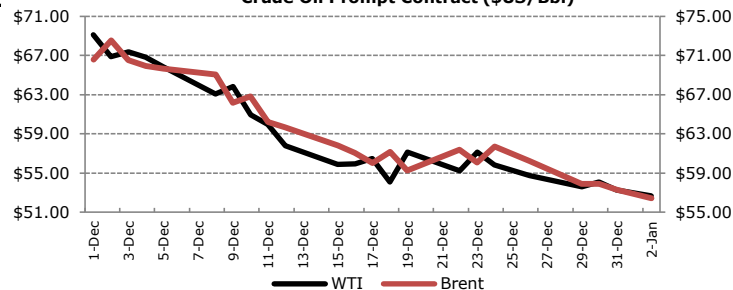
(\$US/Bbl)	2-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$52.69	-\$0.58	-1.09%	-5.64%	-21.22%
Cal 15	\$55.77	-\$0.49	-0.86%	-4.10%	-25.25%
Cal 16	\$62.23	-\$0.41	-0.65%	-2.22%	-17.19%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$67.00	\$70.00	\$75.00	\$82.00	\$80.00
Current Forward	\$54.42	\$56.43	\$58.38	\$60.09	\$62.23

### Inventory Levels (as of Dec-26)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	378,470	-1,735	337,426	319,411
Motor Gas	229,048	+27,288	214,389	200,481
Distillates	125,721	+6,068	171,756	140,851

### Crude Oil Prompt Contract (\$US/Bbl)



### UK Brent Crude Oil

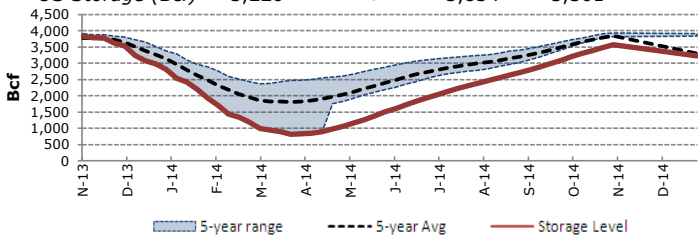
(\$US/Bbl)	2-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$56.42	-\$0.91	-1.61%	-8.54%	-22.22%

### Nymex Natural Gas

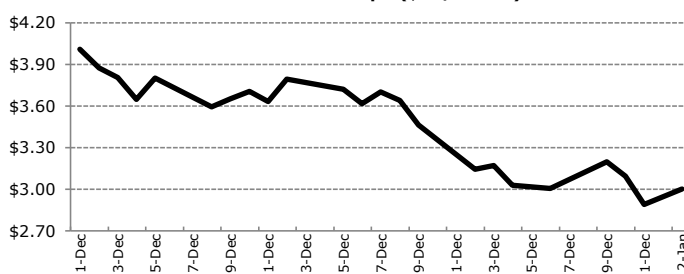
(\$US/MMbtu)	2-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.00	+\$0.11	+3.95%	-0.89%	-22.48%
Feb15-Mar15	\$2.99	+\$0.08	+2.80%	-2.49%	-24.58%
Apr15-Oct15	\$3.03	+\$0.06	+2.01%	-2.45%	-19.07%
Nov15-Mar16	\$3.45	+\$0.03	+0.82%	-2.14%	-14.55%
Apr16-Oct16	\$3.40	+\$0.01	+0.25%	-2.83%	-10.84%

### Inventory Levels (as of Dec-26)

	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	3,220	-26	3,834	3,301



### Nat Gas Prompt (\$US/MMbtu)



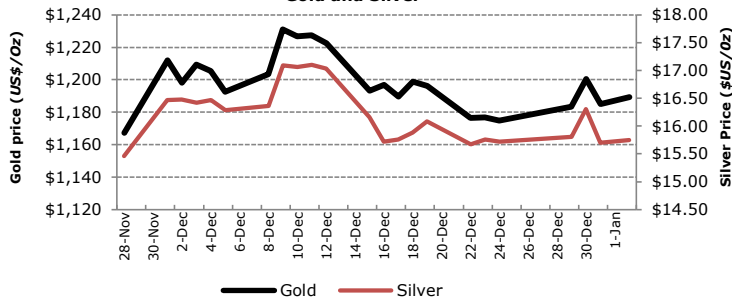
### Alberta Natural Gas

(\$CAD/GJ)	2-Jan	day Δ	%Δ
AECO Feb-15	\$2.71	+\$0.11	+4.0%

### Precious Metals

\$US/oz	2-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,189.23	+\$4.37	+0.4%	+1.1%	-1.7%	-2.9%
Silver	\$15.75	+\$0.04	+0.3%	-0.1%	-4.1%	-9.3%
Platinum	\$1,202	-\$5.75	-0.5%	+0.8%	-2.0%	-5.7%

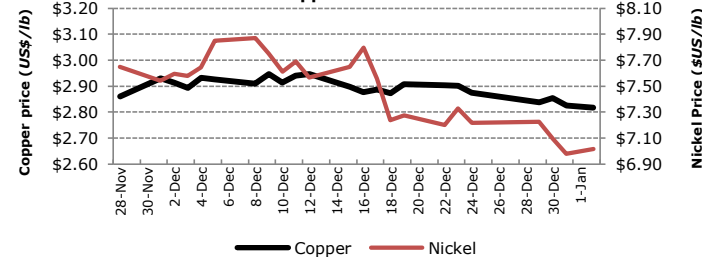
### Gold and Silver



### Industrial Metals

\$US/lb	2-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.82	-\$0.01	-0.3%	-2.9%	-2.6%	-7.0%
Nickel	\$7.01	+\$0.04	+0.5%	-4.3%	-7.4%	-10.6%
Zinc	\$1.07	+\$0.01	+1.2%	-0.5%	-1.6%	-6.9%
Aluminum	\$0.89	+\$0.00	0.0%	-2.2%	-9.2%	-4.3%
Uranium	\$35.25	+\$0.00	0.0%	-3.2%	-7.8%	-0.7%

### Copper and Nickel



### Agriculture & Other

	2-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.96	-\$0.01	-0.3%	-4.4%	+1.5%
Wheat (\$US/bu)	\$5.81	-\$0.09	-1.4%	-8.5%	-1.4%
Soybeans (\$US/bu)	\$10.08	-\$0.16	-1.6%	-3.7%	-1.0%
Rough Rice (\$US/cwt)	\$11.55	-\$0.21	-1.7%	-7.0%	-6.7%
Sugar #11 (¢US/lb)	\$14.17	-\$0.35	-2.4%	-4.5%	-6.8%
Lean Hogs (¢US/lb)	¢81.30	¢0.10	+0.1%	-0.4%	-6.1%
Live Cattle (¢US/lb)	¢165.68	¢2.13	+1.3%	+3.2%	-0.8%
Cotton No.2 (\$US/lb)	\$0.60	-\$0.01	-1.1%	-3.6%	-1.4%
Lumber (\$US/Mbft)	\$327.60	-\$0.60	-0.2%	-2.2%	-1.8%

### Commodity ETFs

\$CAD	2-Jan	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$2.70	-\$0.13	-4.6%	-15.1%	-44.0%
HBP Nat Gas U	\$5.20	+\$0.13	+2.6%	-15.7%	-48.6%
iShares Gold ETF	\$10.57	+\$0.04	+0.4%	+1.1%	-2.0%

\$USD	2-Jan	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$19.89	-\$0.47	-2.3%	-5.51%	-21.5%
US Nat Gas	\$14.96	+\$0.19	+1.3%	-4.16%	-19.4%
PSDB Agriculture	\$24.64	-\$0.25	-1.0%	-1.95%	-2.8%
PSDB Base Metals	\$15.92	+\$0.02	+0.1%	-0.19%	-4.2%

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## Interest Rates

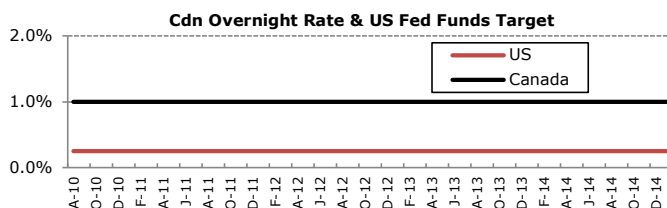
### Canadian yield curve

	<b>2-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.91%	-	0.90%	0.92%	0.90%
6-mnth	0.93%	-	0.92%	0.94%	0.95%
12-mnth	0.99%	-0.00%	0.97%	1.00%	1.00%
2-year	1.00%	-0.01%	1.03%	1.13%	1.13%
5-year	1.31%	-0.02%	1.45%	1.60%	1.93%
10-year	1.74%	-0.04%	1.94%	2.09%	2.74%
20-year	2.27%	-0.04%	2.46%	2.57%	3.14%
30-year	2.30%	-0.04%	2.49%	2.61%	3.21%

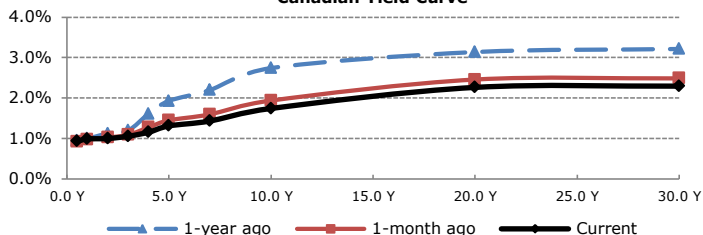
### US yield curve

	<b>2-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.02%	-0.02%	0.01%	0.01%	0.06%
6-mnth	0.10%	-0.02%	0.07%	0.04%	0.09%
12-mnth	0.22%	+0.01%	0.12%	0.09%	0.11%
2-year	0.66%	+0.00%	0.56%	0.56%	0.38%
5-year	1.61%	-0.05%	1.60%	1.72%	1.72%
10-year	2.11%	-0.06%	2.28%	2.43%	2.99%
30-year	2.69%	-0.06%	2.98%	3.12%	3.92%

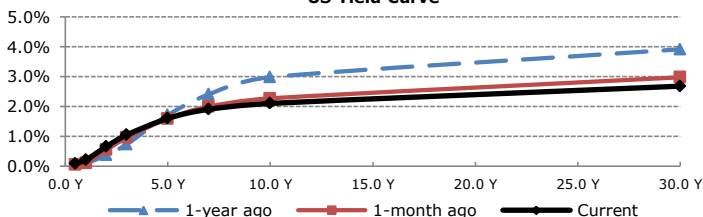
	<b>Current</b>	<b>Prior</b>	<b>Next Meeting</b>	<b>Survey</b>
Cdn Overnight	1.00%	1.00%	21-Jan-15	1.00%
US Fed Funds	0.25%	0.25%	28-Jan-15	0.25%



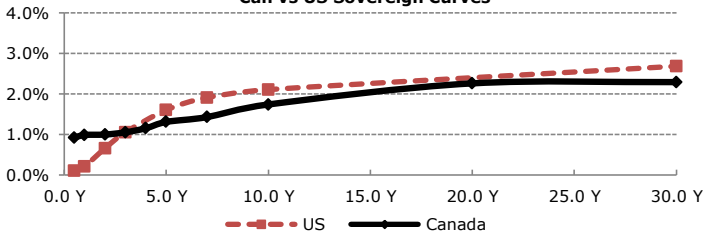
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

<i>Spot</i>	<b>2-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.179	+0.016	1.133	1.120	1.067
EURUSD	\$1.200	-0.010	1.247	1.263	1.367
USDJPY	¥120.50	+0.720	118.40	109.65	104.81
GBPUSD	\$1.533	-0.025	1.573	1.621	1.645
AUDUSD	\$0.809	-0.009	0.849	0.875	0.891

	<b>Spot</b>	<b>2-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥102.24	-0.804		104.51	97.92	98.21
CADAUD	\$1.049	-0.004		1.040	1.021	1.052
GBPCAD	£1.806	-0.004		1.782	1.816	1.756
EURJPY	¥144.63	-0.220		147.64	138.49	143.29
EURAUD	\$1.48	+0.004		1.47	1.44	1.53

## Economic Releases

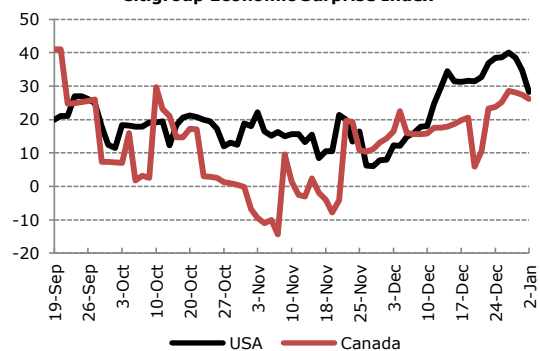
### United States

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Tue, Jan 06	Factory Orders	30-Nov	-0.4%	--	-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%	--	5.8%

### Canada

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Fri, Jan 09	Building Permits (MoM)	30-Nov	0.8%	--	0.7%
Fri, Jan 09	Net Change in Employment	31-Dec	10K	--	-10.7K
Fri, Jan 09	Unemployment	31-Dec	6.6%	--	6.6%
Fri, Jan 09	Housing Starts	31-Dec	190K	--	195.62K

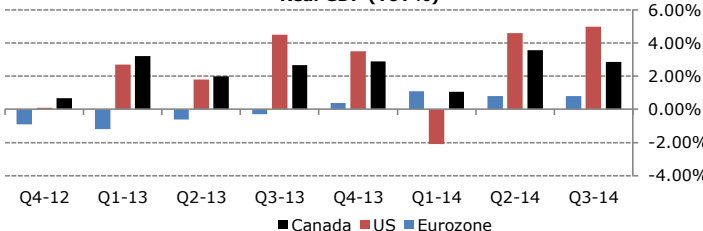
Citigroup Economic Surprise Index



## Economics

	<b>Q4-13</b>	<b>Q1-14</b>	<b>Q2-14</b>	<b>Q3-14</b>	<b>2013E</b>
<b>Canada</b>					
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%
<b>US</b>					
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%
<b>China</b>					
Real GDP	7.70%	7.40%	7.50%	7.30%	7.70%

Real GDP (YoY%)



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