

## Today's Commentary

Tuesday was another gloomy day for markets which saw declines in major indices extended, while Nymex crude fell another 4.2% in New York to \$47.93 a barrel. The S&P 500 shaved 17.97 (-0.89%) to 2,002.61 and the Dow retreated 130.01 (-0.74%) to 17,371.64. US markets posted a fifth day of declines, marking the worst start to a year since 2008. The TSX lost 145.93 (-1.01%), as most energy names continued their sell-off. Weaker economic indicators out of the US in the services sector and business investment added to the nervousness of investors. The ISM non-manufacturing index came in below expectations for December, while November factory orders fell for a fourth straight month.

US treasuries prices rose again yesterday, with the biggest treasuries rally since the 1970s. The US 10s-year bond yield dropped 9bps to 1.94%. US 30-year bond yield also dropped for the 8<sup>th</sup> day in a row, slipping 8bps to 2.50%, its lowest level since 2012. This defies the expectation that the Fed will increase rates in mid-2015, as the plummeting oil prices and risk of deflation in Europe make US debt more attractive. New quarterly median forecasts suggest the Fed rate will rise to 1.125% by the end of next year, down from the 1.375% predicted in September. The Fed minutes from the December meeting will be released today at 2:00pm. The minutes may offer some guidance as to how patient the Fed will be with rate hikes.

The Eurozone economy grew only 0.1% in the last quarter, narrowly avoiding another recession in 2014. A measure of euro-area manufacturing and services reinforced this growth trajectory; the Purchasing Managers' Index rose only slightly to 51.4 from 51.1 for both industries in November. The continued weakness is increasing the calls for stronger ECB policy, with Mario Draghi still in full support of sovereign bond purchases. However, Greece's elections on May 25th may stall any strong action in that direction during an ECB monetary policy meeting on the 22nd, as Greece's future within the Eurozone remains uncertain. Central Bank forecasts put Eurozone growth at 1% for 2015, up from the 0.8% in 2014, though deflationary pressure may hamper that growth target.

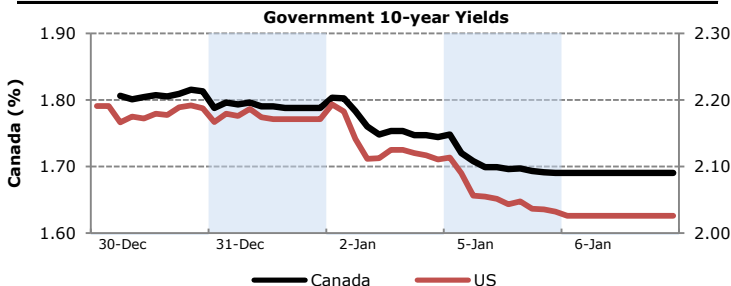
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

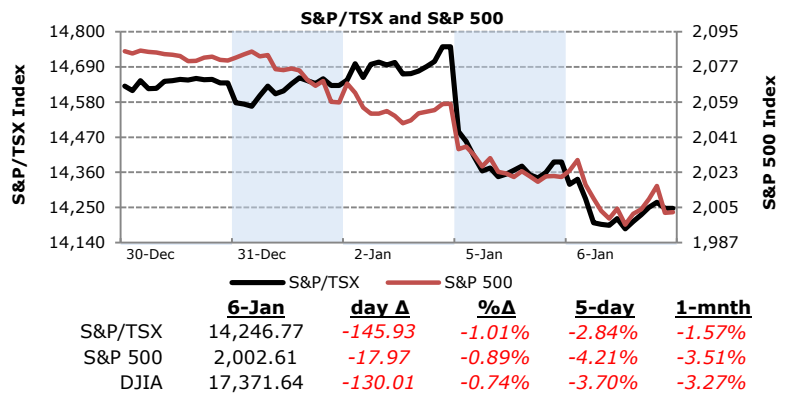
United States	Period	Survey	Actual	Prior
ADP Employment Change	31-Jan	225K	208K	230K
Trade Balance	31-Dec	-42B	-43.4B	-43B
Continuing Claims	27-Dec	2360K	--	2353K

Canada	Period	Survey	Actual	Prior
None Scheduled				

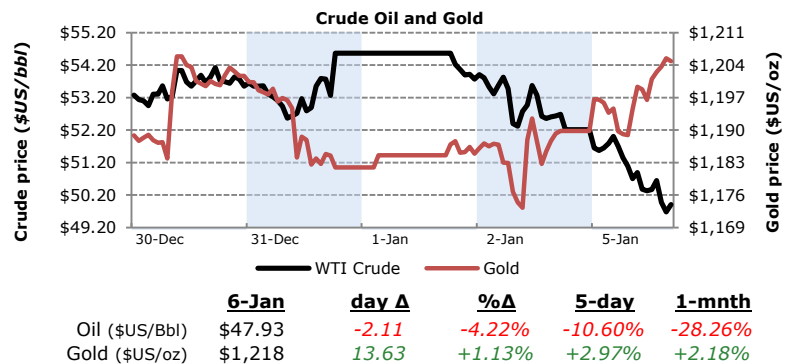
## Interest Rates



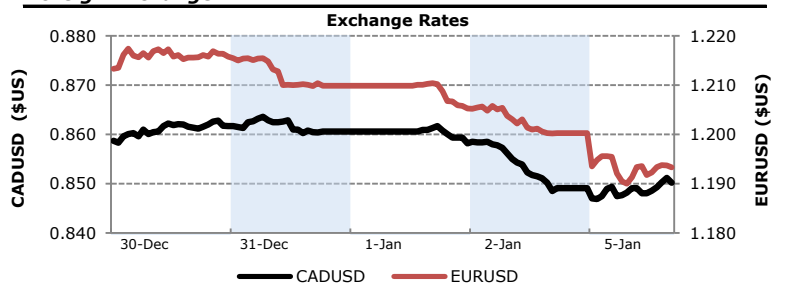
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	6-Jan	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.184	+0.007		1.164	1.137	1.066
EURUSD	\$1.189	-0.004		1.215	1.231	1.363
USDJPY	¥118.39	-1.250		120.670	119.79	104.22

Government 10-year Yields

	6-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.64%	-0.054%	1.96%	2.02%	2.72%
United States	1.94%	-0.092%	2.31%	2.32%	2.96%

## 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.

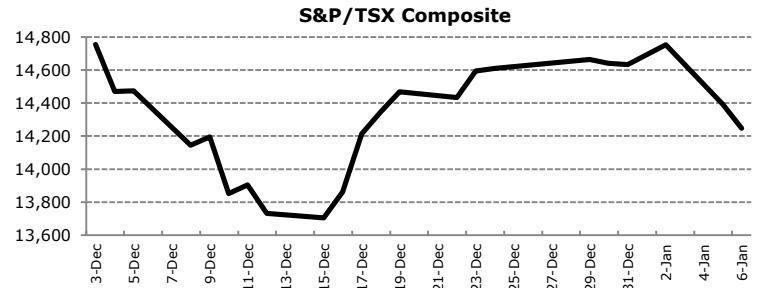
<http://www.rotmanfinanceassociation.com>

Sponsored By:



The information contained in this report is intended for educational and informative purposes only, and has been obtained from publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of author(s), and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

	<b>6-Jan</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	14,246.77	-145.93	-1.01%
<b>Trailing S&amp;P/TSX</b>			
5-day		-2.84%	-3.10%
1-month		-1.57%	-1.78%
3-months		-3.37%	-2.51%
6-months		-6.36%	-4.45%
12-months		+5.57%	+7.39%



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
C. Discretionary	-0.97%	-2.91%	-0.58%	+24.26%
C. Staples	-2.77%	-3.54%	+3.58%	+40.22%
Energy	-2.12%	-8.05%	-6.18%	-23.58%
Financials	-1.60%	-4.34%	-3.71%	+6.22%
Healthcare	-1.56%	-0.96%	+0.38%	+16.75%
Info Tech	-1.35%	-2.53%	+0.73%	+31.48%
Industrials	-1.29%	-4.65%	-2.45%	+13.87%
Materials	+3.12%	+7.63%	+4.98%	-0.58%
Metals & Mining	-0.22%	+0.56%	-1.20%	-13.26%
Telecom	-0.48%	-1.37%	-0.15%	+8.54%
Utilities	-0.64%	+0.54%	+0.29%	+11.50%

### TSX Top Performers

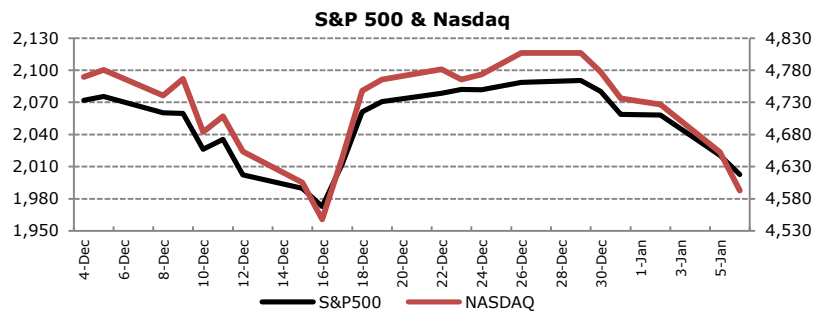
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
First Majestic Silver Cor		+15.38%	+37.11%	+60.94%	-30.94%
Kinross Gold Corp		+13.51%	+27.01%	+11.27%	-19.55%
Yamana Gold Inc		+12.08%	+17.56%	+17.82%	-44.37%
Aurico Gold Inc		+11.78%	+29.89%	+19.85%	+15.38%
New Gold Inc		+10.26%	+23.64%	+19.64%	+4.79%

### 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>
Surge Energy Inc		-14.46%	-23.04%	-32.70%	-57.16%
Bankers Petroleum Ltd		-13.51%	-18.47%	-16.61%	-42.21%
Canexus Corp		-13.38%	-15.53%	-15.79%	-62.84%
Canadian Energy Services		-12.44%	-17.05%	-23.02%	-29.70%
Painted Pony Petroleum		-10.91%	-10.16%	-10.16%	+20.77%

### US Indices

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
<b>Trailing</b>			
6-Jan	2,002.61	17,371.64	4,592.74
1-day	-0.89%	-0.74%	-1.29%
5-day	-4.21%	-3.70%	-4.46%
1-month	-3.51%	-3.27%	-3.93%
3-months	+1.92%	+2.23%	+3.10%
6-months	+0.86%	+1.78%	+2.38%
12-months	+9.63%	+5.76%	+11.65%



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
C. Discretionary	-0.94%	-4.32%	-2.49%	+5.55%
C. Staples	-0.01%	-2.74%	-1.50%	+13.51%
Energy	-1.31%	-6.15%	-5.64%	-13.05%
Financials	-1.53%	-4.86%	-3.70%	+8.80%
Healthcare	-0.27%	-1.86%	-3.58%	+23.59%
Info Tech	-1.22%	-4.94%	-4.36%	+16.57%
Industrials	-1.18%	-5.06%	-4.40%	+5.32%
Materials	-0.70%	-4.34%	-5.17%	+2.88%
Telecom	+0.35%	-1.75%	-2.55%	-1.24%
Utilities	+0.12%	-4.49%	+2.95%	+25.69%

### DJIA Top Performers

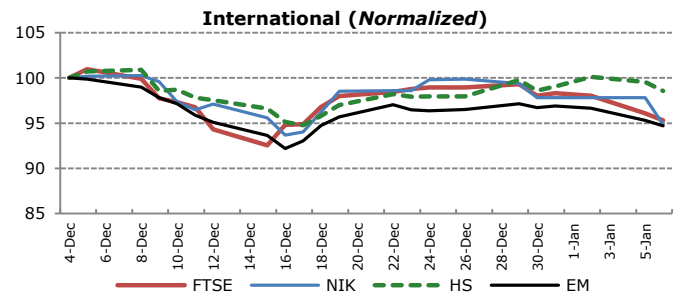
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
Merck & Co. Inc.		+3.93%	+4.49%	-1.90%	+21.27%
Verizon Communications In		+1.01%	-1.07%	-3.23%	-3.39%
Pfizer Inc		+0.83%	+0.10%	-1.78%	+2.85%

### 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>
Jpmorgan Chase & Co		-2.59%	-6.32%	-5.93%	-0.03%
Intl Business Machines Co		-2.16%	-2.77%	-4.41%	-16.09%
General Electric Co		-2.15%	-6.34%	-7.46%	-11.70%

### International Markets

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
<b>Trailing</b>				
Last Close	6,366.51	16,883.19	23,485.41	934.73
1-day	-0.79%	-3.02%	-0.99%	-0.63%
5-day	-4.03%	-5.25%	-1.21%	-2.50%
1-month	-5.58%	-5.79%	-2.15%	-5.17%
3-months	-3.00%	+6.24%	+0.73%	-7.48%
6-months	-7.28%	+9.37%	-0.26%	-12.00%
12-months	-5.41%	+6.12%	+3.53%	-3.88%



This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

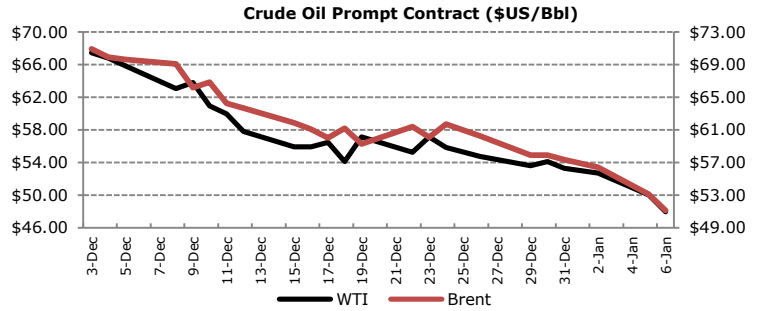
### Nymex WTI Crude Oil

(\$US/Bbl)	6-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$47.93	-\$2.11	-4.22%	-10.60%	-28.26%
Cal 15	\$51.45	-\$2.00	-3.75%	-8.60%	-
Cal 16	\$58.36	-\$2.15	-3.55%	-6.36%	-23.02%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$66.15	\$70.00	\$75.00	\$80.00	\$80.00
Current Forward	\$49.97	\$52.23	\$54.31	\$56.12	\$58.36

### 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



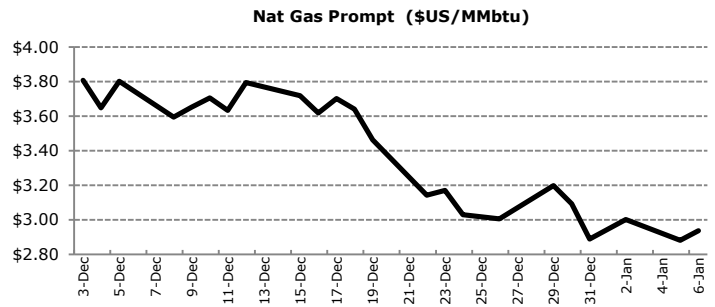
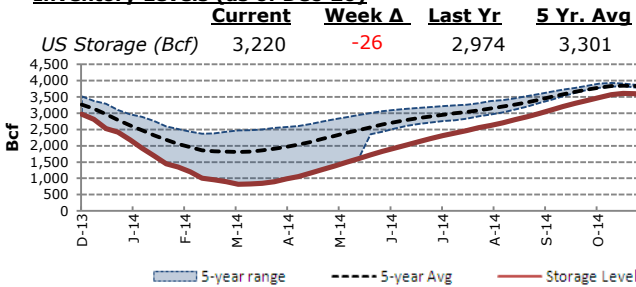
### UK Brent Crude Oil

(\$US/Bbl)	6-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$51.10	-\$2.01	-3.93%	-11.71%	-26.92%

### Nymex Natural Gas

(\$US/MMbtu)	6-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.94	+\$0.06	+1.94%	-8.16%	-19.48%
Feb15-Mar15	\$2.91	+\$0.04	+1.32%	-7.89%	-28.89%
Apr15-Oct15	\$2.95	+\$0.02	+0.81%	-7.44%	-22.00%
Nov15-Mar16	\$3.35	+\$0.01	+0.17%	-6.57%	-17.12%
Apr16-Oct16	\$3.31	-\$0.01	-0.22%	-5.94%	-12.94%

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

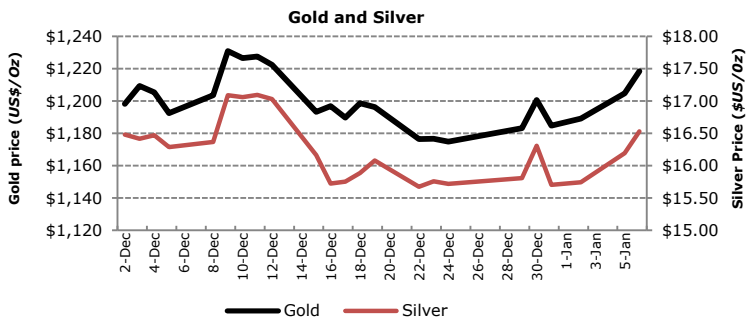


### Alberta Natural Gas

(\$CAD/GJ)	6-Jan	day Δ	%Δ
AECO Feb-15	\$2.64	-\$0.23	-8.2%

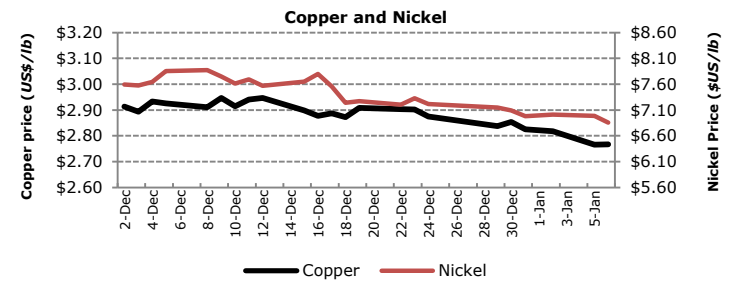
### Precious Metals

\$US/oz	6-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,218.45	+\$13.63	+1.1%	+3.0%	+2.2%	-0.4%
Silver	\$16.53	+\$0.34	+2.1%	+4.6%	+1.5%	-4.9%
Platinum	\$1,222	+\$8.70	+0.7%	+1.6%	-0.2%	-3.2%



### Industrial Metals

\$US/lb	6-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.77	+\$0.00	+0.0%	-2.5%	-5.4%	-8.8%
Nickel	\$6.85	-\$0.13	-1.9%	-4.1%	-12.7%	-12.3%
Zinc	\$1.07	-\$0.01	-1.2%	+0.5%	-2.5%	-7.2%
Aluminum	\$0.88	-\$0.01	-1.1%	-1.1%	-8.3%	-5.4%
Uranium	\$35.20	+\$0.05	+0.1%	-1.4%	-7.4%	-0.8%



### Agriculture & Other

	6-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.05	-\$0.01	-0.2%	-1.9%	+3.8%
Wheat (\$US/bu)	\$5.92	+\$0.03	+0.5%	-3.9%	-1.0%
Soybeans (\$US/bu)	\$10.56	+\$0.10	+1.0%	+0.7%	+0.6%
Rough Rice (\$US/cwt)	\$11.61	+\$0.02	+0.2%	-3.9%	-5.6%
Sugar #11 (¢US/lb)	¢14.87	¢0.61	+4.3%	+1.8%	-2.8%
Lean Hogs (¢US/lb)	¢78.58	¢1.35	-1.7%	-3.9%	-7.7%
Live Cattle (¢US/lb)	¢166.03	¢0.20	-0.1%	+0.6%	+2.6%
Cotton No.2 (\$US/lb)	\$0.60	-\$0.01	-0.8%	-2.9%	+1.5%
Lumber (\$US/Mbft)	\$317.40	-\$8.20	-2.5%	-5.1%	-6.1%

### Commodity ETFs

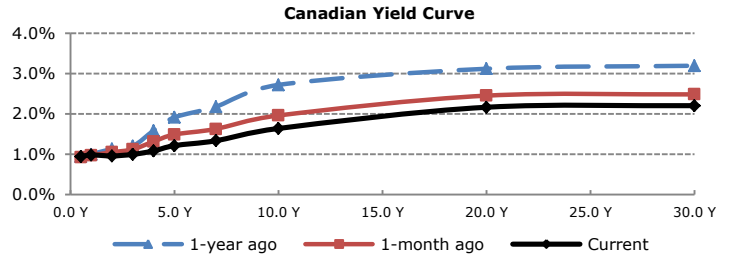
	6-Jan	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$2.22	-\$0.19	-7.9%	-21.0%	-51.2%
HBP Nat Gas U	\$5.15	+\$0.04	+0.8%	-14.3%	-42.9%
iShares Gold ETF	\$10.84	+\$0.14	+1.3%	+3.0%	+0.7%
<b>\$USD</b>					
US Crude Oil	\$18.05	-\$0.74	-3.9%	-11.08%	-24.5%
US Nat Gas	\$14.93	+\$0.06	+0.4%	-7.09%	-19.2%
PSDB Agriculture	\$25.11	+\$0.17	+0.7%	-0.48%	-0.6%
PSDB Base Metals	\$15.59	-\$0.17	-1.1%	-1.52%	-5.3%

This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

## Interest Rates

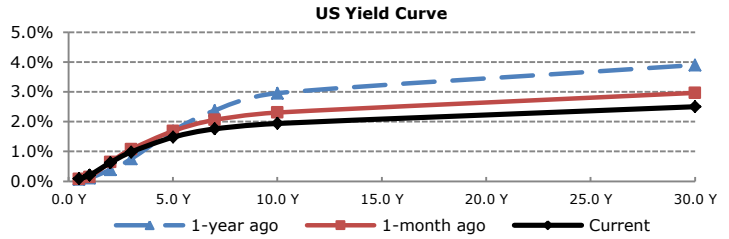
### Canadian yield curve

	6-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.90%	0.89%	0.89%
6-mnth	0.94%	-	0.92%	0.92%	0.94%
12-mnth	0.98%	-0.01%	0.97%	0.99%	0.99%
2-year	0.96%	-0.03%	1.05%	1.05%	1.13%
5-year	1.21%	-0.06%	1.49%	1.49%	1.91%
10-year	1.64%	-0.05%	1.96%	2.02%	2.72%
20-year	2.16%	-0.05%	2.45%	2.52%	3.12%
30-year	2.20%	-0.04%	2.48%	2.56%	3.19%

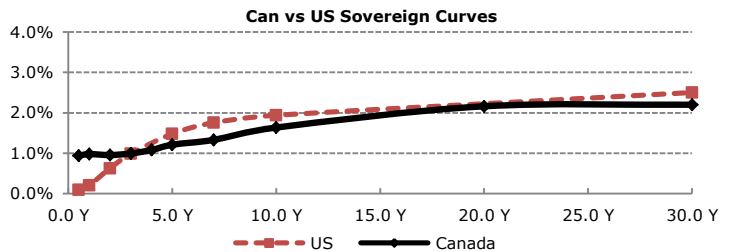
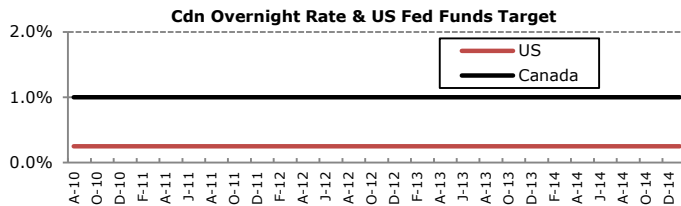


### US yield curve

	6-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.03%	+0.02%	0.01%	0.00%	0.05%
6-mnth	0.09%	+0.01%	0.08%	0.04%	0.07%
12-mnth	0.20%	-0.01%	0.14%	0.08%	0.11%
2-year	0.63%	-0.03%	0.64%	0.45%	0.39%
5-year	1.48%	-0.09%	1.68%	1.55%	1.69%
10-year	1.94%	-0.09%	2.31%	2.32%	2.96%
30-year	2.50%	-0.10%	2.97%	3.06%	3.90%



	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)

Spot	6-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.184	+0.007	1.137	1.116	1.066
EURUSD	\$1.189	-0.004	1.231	1.267	1.363
USDJPY	¥118.39	-1.250	119.79	108.42	104.22
GBPUSD	\$1.515	-0.010	1.569	1.615	1.641
AUDUSD	\$0.808	+0.000	0.841	0.880	0.897

Spot	6-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥100.03	-1.684	105.41	97.17	97.81
CADAUD	\$1.045	-0.007	1.047	1.018	1.047
GBPCAD	£1.793	-0.000	1.783	1.801	1.748
EURJPY	¥140.77	-1.990	147.48	137.35	142.04
EURAUD	\$1.47	-0.005	1.46	1.44	1.52

## Economic Releases

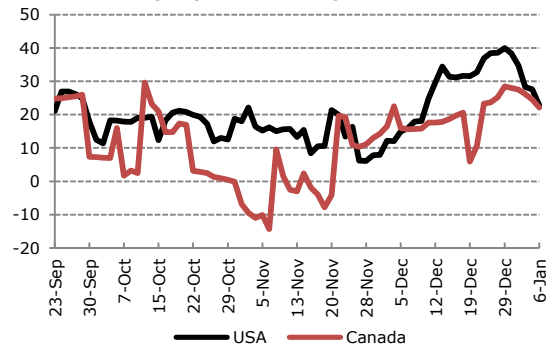
### United States

		Period	Survey	Actual	Prior
Tue, Jan 06	Factory Orders	30-Nov	-0.5%	-0.7%	-0.7%
Wed, Jan 07	ADP Employment Change	31-Jan	225K	208K	230K
Wed, Jan 07	Trade Balance	31-Dec	-42B	-43.4B	-43B
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

		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

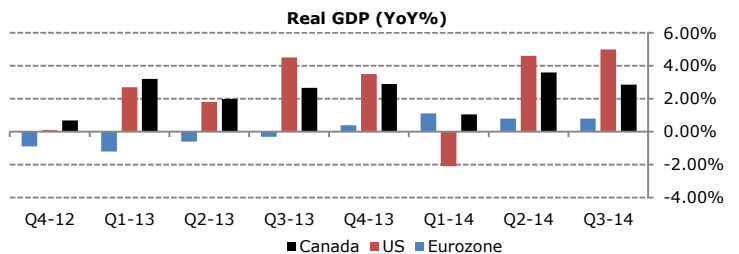
Canada	Q4-13	Q1-14	Q2-14	Q3-14	2013E
Real GDP	2.90%	1.05%	3.59%	2.85%	1.80%
CPI	0.93%	1.37%	2.23%	2.07%	0.90%
Unemployment	7.20%	6.90%	7.10%	6.80%	7.05%

US	Q4-13	Q1-14	Q2-14	Q3-14	2013E
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	Q4-13	Q1-14	Q2-14	Q3-14	2013E
Real GDP	7.70%	7.40%	7.50%	7.30%	7.70%



This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**