

Today's Commentary

Investors' appetite for risk returned yesterday, as developed markets rallied and oil prices ticked upwards. The S&P 500 gained 23.29 (1.16%) to 2,025.90 while the Dow also rose 212.88 (1.23%) to 17,584.52. The US trade deficit narrowed 7.7% in November of last year due to the fall in oil prices. Coupled with an ADP labour report showing more private sector jobs were added in December than anticipated, the positive sentiment helped markets rebound. While the Canadian trade balance widened more than expected, the rally in crude oil helped the TSX end the day in positive territory, up 38.23 (0.27%) to 14,285.00. European markets likely rose on speculation that a US style QE could be in the cards come the ECB's next meeting, after data released yesterday saw a 0.2% y/y decline in consumer prices in the Eurozone for December.

The minutes of the December Fed meeting were released yesterday, confirming there would not be an interest rate increase before late April of this year. They also expressed concern that inflation would stay below the target of 2%, but expect it to move towards this level as the job market continues to improve and the immediate effects of the cheaper energy fade. The release suggested that the weak global economy might have negative impacts on the US. This created speculation that weakness abroad would stall the interest rate increases, resulting in the continued rally of US Treasury 2-year notes and the end of the 10-year notes rally. The 2-year yield fell 2bps to 0.61%, while the 10-year yield rose 3bps to 1.94%.

Oil prices are little changed today, trading at below the \$50 dollar mark after recovering 1.5% the day before, continuing to trade at its lowest levels since 2009. The US is currently producing more oil than it has in three decades through the use of new technologies, and this abundant supply, mostly of light-crude, is being exported at record levels and adding to the global supply glut of an estimated 2 million barrels a day. While still a net importer, legal restrictions on the markets the US can export oil to may be relaxed this year, opening even more opportunities to US exporters. The price of oil could continue to drop throughout 2015, with some analysts estimating as low as \$30 a barrel. This could exacerbate global problems with deflation, especially in the Eurozone, as well as affecting the economic growth of countries like Russia and Saudi Arabia who rely heavily on the export of oil.

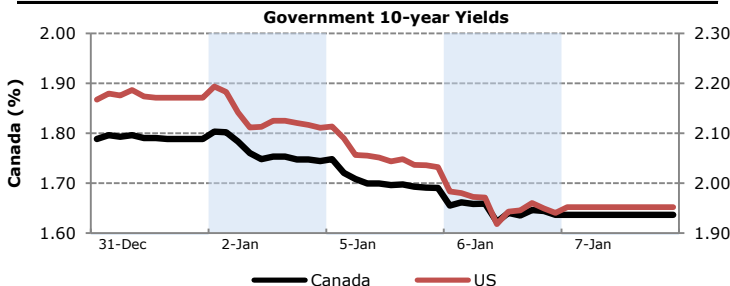
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

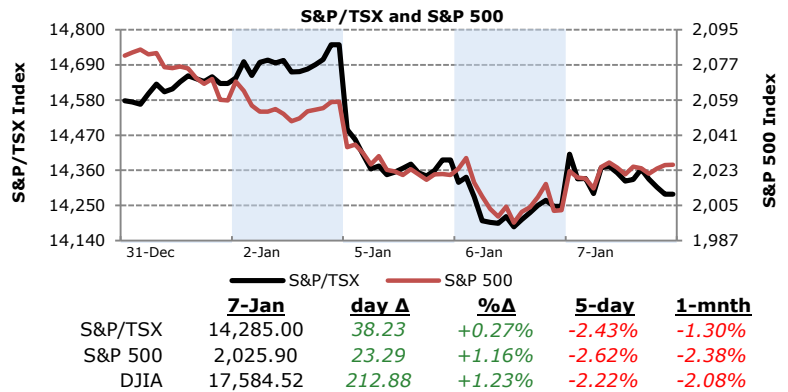
United States	Period	Survey	Actual	Prior
Continuing Claims	27-Dec	2360K	2353K	2403K
Initial Jobless Claims	3-Jan	290K	298K	280K

Canada	Period	Survey	Actual	Prior
None Scheduled				

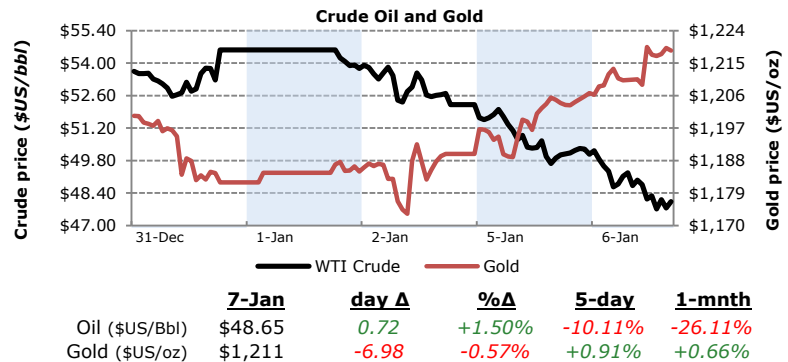
Interest Rates



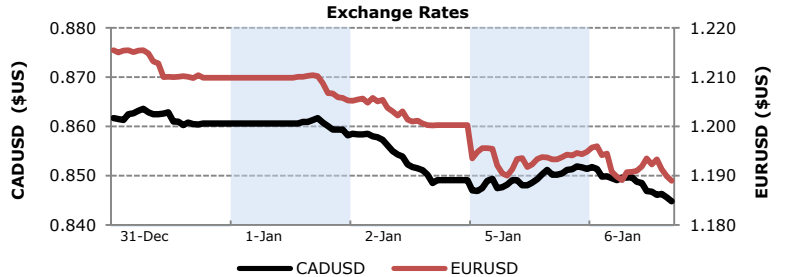
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	7-Jan	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.182		-0.002	1.161	1.138	1.077
EURUSD	\$1.184		-0.005	1.216	1.238	1.362
USDJPY	¥119.26		+0.870	119.480	119.78	104.60

Government 10-year Yields

	7-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.66%	0.020%	1.90%	2.03%	2.68%
United States	1.97%	0.028%	2.26%	2.31%	2.94%

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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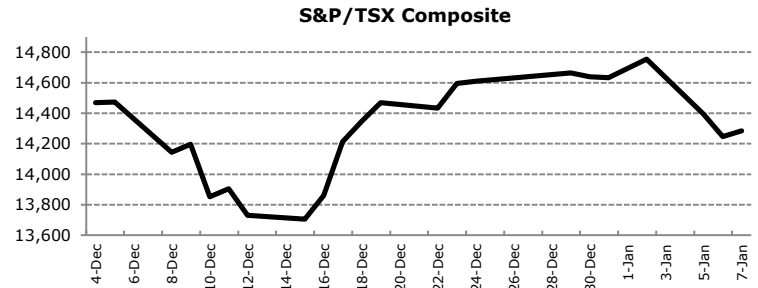
Rotman Finance Association



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>

	7-Jan	day Δ	%Δ
S&P/TSX	14,285.00	38.23	+0.27%
Trailing S&P/TSX			
5-day	-2.43%	-2.65%	
1-month	-1.30%	-1.53%	
3-months	-2.00%	-1.01%	
6-months	-5.85%	-4.11%	
12-months	+5.06%	+6.81%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+1.43%	-1.09%	+0.83%	+25.08%
C. Staples	+1.54%	-2.29%	+5.17%	+41.03%
Energy	-0.56%	-7.62%	-6.71%	-24.86%
Financials	+0.23%	-3.55%	-3.48%	+6.55%
Healthcare	+0.82%	-0.29%	+1.20%	+11.70%
Info Tech	+0.75%	-1.69%	+1.49%	+30.52%
Industrials	-0.02%	-4.15%	-2.47%	+13.28%
Materials	-0.45%	+5.14%	+4.51%	-1.40%
Metals & Mining	-0.98%	-1.87%	-2.17%	-14.08%
Telecom	+1.26%	+0.19%	+1.11%	+9.34%
Utilities	+0.59%	+1.47%	+0.88%	+11.36%

TSX Top Performers

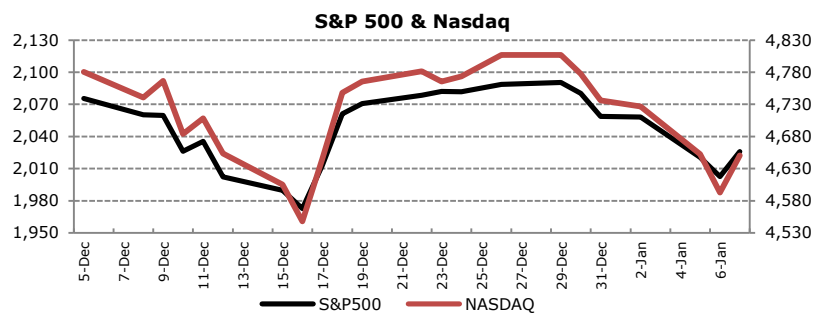
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Surge Energy Inc	+7.75%	-15.93%	-27.49%	-54.40%
Dream Office Real Estate	+5.50%	+8.10%	+6.16%	-7.38%
Northern Property Real Es	+5.00%	+3.54%	+1.61%	-13.00%
Martinrea International I	+4.84%	-1.92%	+0.30%	+26.11%
Granite Real Estate Inves	+4.61%	+8.58%	+10.80%	+19.80%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Wajax Corp	-8.88%	-11.92%	-19.22%	-26.20%
Penn West Petroleum Ltd	-6.45%	-17.81%	-39.04%	-78.29%
Crew Energy Inc	-6.18%	-13.17%	-20.10%	-24.21%
Canadian Oil Sands Ltd	-5.56%	-23.90%	-28.72%	-59.81%
China Gold International	-5.45%	+0.00%	-5.45%	-27.02%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
7-Jan	2,025.90	17,584.52	4,650.47
1-day	+1.16%	+1.23%	+1.26%
5-day	-2.62%	-2.22%	-2.66%
1-month	-2.38%	-2.08%	-2.73%
3-months	+4.69%	+5.17%	+6.05%
6-months	+2.44%	+3.29%	+4.47%
12-months	+10.23%	+6.37%	+11.97%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+1.53%	-2.49%	-1.00%	+6.57%
C. Staples	+1.75%	-0.64%	+0.22%	+14.88%
Energy	+0.34%	-5.24%	-5.32%	-13.52%
Financials	+1.10%	-3.68%	-2.64%	+9.96%
Healthcare	+2.27%	+0.78%	-1.39%	+25.13%
Info Tech	+0.87%	-3.44%	-3.53%	+16.51%
Industrials	+0.61%	-4.03%	-3.81%	+5.45%
Materials	+1.00%	-3.19%	-4.22%	+4.07%
Telecom	-1.35%	-2.70%	-3.86%	-3.10%
Utilities	+0.98%	-1.50%	+3.96%	+25.77%

DJIA Top Performers

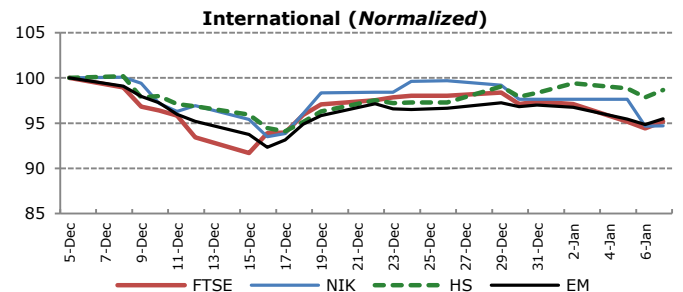
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Home Depot Inc	+3.43%	+0.13%	+4.79%	+28.11%
Wal-Mart Stores Inc	+2.65%	+2.09%	+5.33%	+12.94%
Johnson & Johnson	+2.21%	+0.19%	-2.72%	+11.95%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Verizon Communications In	-1.81%	-2.41%	-4.98%	-6.31%
At&T Inc	-1.28%	-2.67%	-2.27%	-5.09%
Intl Business Machines Co	-0.65%	-3.12%	-5.03%	-18.27%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,419.83	16,885.33	23,681.26	941.18
1-day	+0.84%	+0.01%	+0.83%	+0.69%
5-day	-1.94%	-4.76%	+0.77%	-1.40%
1-month	-4.79%	-5.78%	-1.34%	-4.51%
3-months	-1.17%	+6.98%	+1.10%	-6.89%
6-months	-5.92%	+9.79%	+0.60%	-11.57%
12-months	-4.97%	+6.77%	+4.26%	-3.12%



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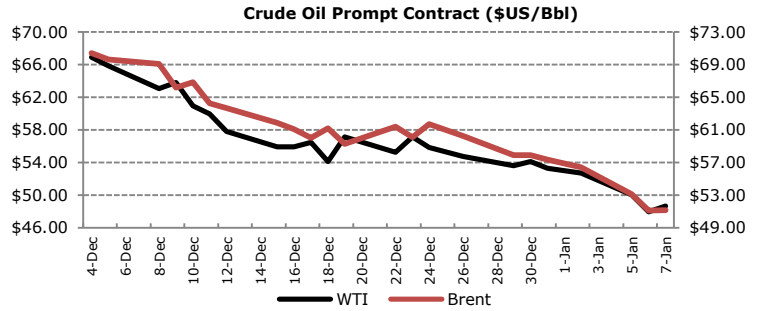
Nymex WTI Crude Oil

(\$US/Bbl)	7-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$48.65	+\$0.72	+1.50%	-10.11%	-26.11%
Cal 15	\$51.86	+\$0.42	+0.81%	-8.69%	-32.45%
Cal 16	\$58.24	-\$0.12	-0.21%	-7.19%	-24.77%

(\$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	\$50.48	\$52.60	\$54.51	\$56.18	\$58.24

Inventory Levels (as of Jan-02)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	382,393	-3,062	337,426	319,411
Motor Gas	237,163	+8,115	214,389	200,481
Distillates	136,926	+11,205	171,756	140,851



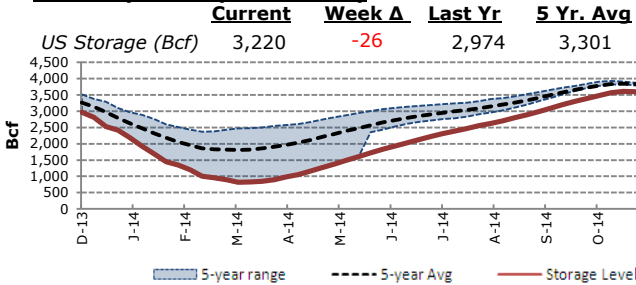
UK Brent Crude Oil

(\$US/Bbl)	7-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$51.15	+\$0.05	+0.10%	-11.66%	-26.55%

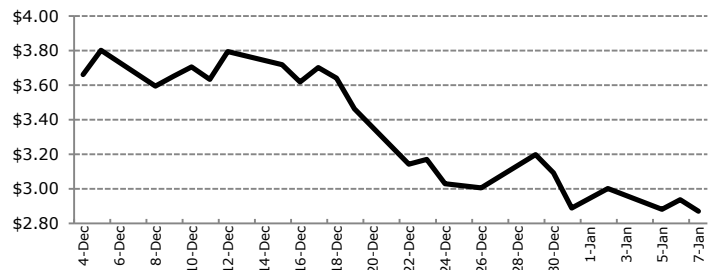
Nymex Natural Gas

(\$US/MMbtu)	7-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.87	-\$0.07	-2.28%	-7.21%	-24.49%
Feb15-Mar15	\$2.86	-\$0.05	-1.66%	-6.94%	-27.71%
Apr15-Oct15	\$2.91	-\$0.04	-1.40%	-6.69%	-21.54%
Nov15-Mar16	\$3.30	-\$0.05	-1.44%	-6.40%	-17.33%
Apr16-Oct16	\$3.28	-\$0.03	-0.88%	-5.77%	-13.25%

Inventory Levels (as of Dec-26)



Nat Gas Prompt (\$US/MMbtu)



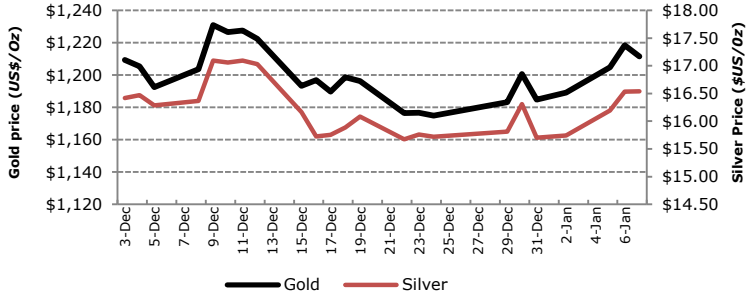
Alberta Natural Gas

(\$CAD/GJ)	7-Jan	day Δ	%Δ
AECO Feb-15	\$2.56	-\$0.09	-3.3%

Precious Metals

\$US/oz	7-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,211.47	-\$6.98	-0.6%	+0.9%	+0.7%	-1.7%
Silver	\$16.54	+\$0.01	+0.0%	+1.4%	+1.1%	-4.9%
Platinum	\$1,219	-\$2.35	-0.2%	+0.1%	-1.2%	-3.7%

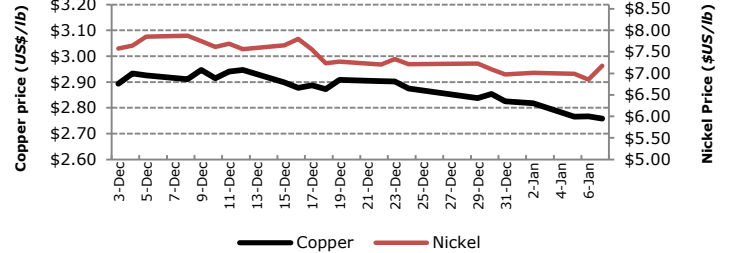
Gold and Silver



Industrial Metals

\$US/lb	7-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.76	-\$0.01	-0.3%	-3.3%	-5.2%	-10.7%
Nickel	\$7.17	+\$0.32	+4.6%	+1.1%	-8.9%	-6.9%
Zinc	\$1.07	+\$0.01	+0.7%	+1.5%	-2.5%	-6.4%
Aluminum	\$0.87	-\$0.01	-1.1%	-2.2%	-10.3%	-6.5%
Uranium	\$35.25	+\$0.05	+0.1%	-0.7%	-6.6%	-0.7%

Copper and Nickel



Agriculture & Other

	7-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.96	-\$0.09	-2.2%	-2.5%	+0.3%
Wheat (\$US/bu)	\$5.80	-\$0.12	-2.1%	-3.7%	-1.1%
Soybeans (\$US/bu)	\$10.56	+\$0.01	+0.0%	+1.2%	+0.1%
Rough Rice (\$US/cwt)	\$11.65	+\$0.04	+0.4%	-2.2%	-7.1%
Sugar #11 (¢US/lb)	¢14.78	¢0.09	-0.6%	+1.2%	-4.2%
Lean Hogs (¢US/lb)	¢79.33	¢0.75	+1.0%	-2.3%	-6.2%
Live Cattle (¢US/lb)	¢165.90	¢0.13	-0.1%	+0.7%	+1.7%
Cotton No.2 (\$US/lb)	\$0.60	+\$0.00	+0.4%	-2.5%	+0.9%
Lumber (\$US/Mbft)	\$322.70	+\$5.30	+1.7%	-3.0%	-3.3%

Commodity ETFs

	7-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$2.30	+\$0.08	+3.6%	-18.1%	-48.3%
HBP Nat Gas U	\$4.93	-\$0.22	-4.3%	-14.4%	-40.5%
iShares Gold ETF	\$10.78	-\$0.06	-0.6%	+0.9%	+0.7%
\$USD					
US Crude Oil	\$18.37	+\$0.32	+1.8%	-9.48%	-24.1%
US Nat Gas	\$14.58	-\$0.35	-2.3%	-7.25%	-21.3%
PSDB Agriculture	\$24.99	-\$0.12	-0.5%	-0.36%	-1.6%
PSDB Base Metals	\$15.54	-\$0.05	-0.3%	-3.06%	-6.4%

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Interest Rates

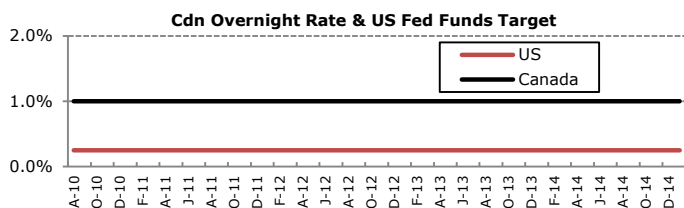
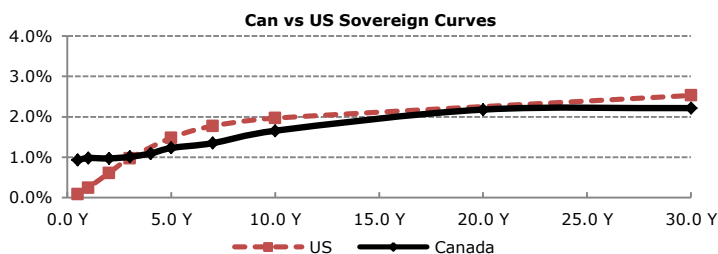
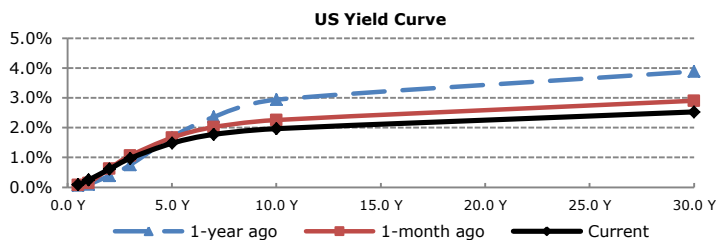
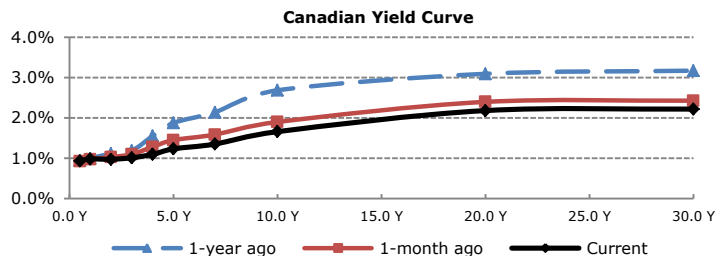
Canadian yield curve

	7-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.91%	-	0.89%	0.89%	0.89%
6-mnth	0.93%	-	0.92%	0.91%	0.94%
12-mnth	0.98%	+0.00%	0.97%	0.99%	1.00%
2-year	0.97%	+0.02%	1.03%	1.06%	1.11%
5-year	1.23%	+0.02%	1.45%	1.52%	1.87%
10-year	1.66%	+0.02%	1.90%	2.03%	2.68%
20-year	2.18%	+0.02%	2.39%	2.53%	3.09%
30-year	2.22%	+0.02%	2.42%	2.56%	3.17%

US yield curve

	7-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-0.01%	0.01%	0.01%	0.04%
6-mnth	0.09%	-0.01%	0.08%	0.04%	0.07%
12-mnth	0.24%	+0.04%	0.14%	0.08%	0.10%
2-year	0.61%	-0.02%	0.63%	0.44%	0.39%
5-year	1.48%	-0.00%	1.66%	1.56%	1.68%
10-year	1.97%	+0.03%	2.26%	2.31%	2.94%
30-year	2.53%	+0.03%	2.90%	3.05%	3.88%

	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	7-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.182	-0.002		1.138	1.124	1.077
EURUSD	\$1.184	-0.005		1.238	1.252	1.362
USDJPY	¥119.26	+0.870		119.78	109.76	104.60
GBPUSD	\$1.511	-0.004		1.567	1.597	1.640
AUDUSD	\$0.808	-0.001		0.838	0.868	0.893

	Spot	7-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥100.93	+0.908		105.21	97.61	97.16
CADAUD	\$1.048	+0.003		1.048	1.025	1.041
GBPCAD	£1.785	-0.008		1.785	1.796	1.766
EURJPY	¥141.20	+0.430		148.27	137.36	142.42
EURAUD	\$1.47	-0.005		1.48	1.44	1.53

Economic Releases

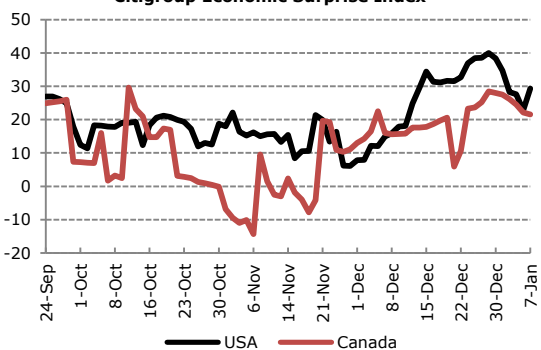
United States

		Period	Survey	Actual	Prior
Tue, Jan 06	Factory Orders	30-Nov	-0.5%	-0.7%	-0.7%
Wed, Jan 07	ADP Employment Change	31-Dec	225K	241K	208K
Wed, Jan 07	Trade Balance	30-Nov	-42B	-39B	-43.4B
Thu, Jan 08	Continuing Claims	27-Dec	2360K	2353K	2403K
Thu, Jan 08	Initial Jobless Claims	3-Jan	290K	298K	280K
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

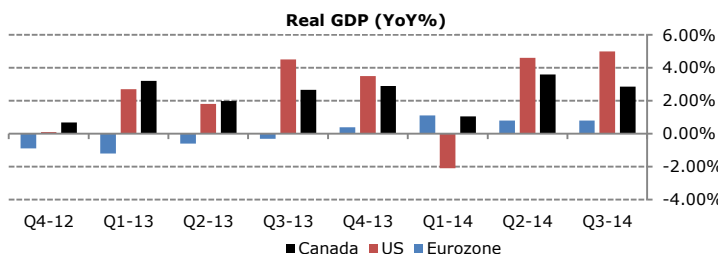
Canada	Q4-13	Q1-14	Q2-14	Q3-14	2013E
Real GDP	2.90%	1.05%	3.59%	2.85%	1.80%
CPI	0.93%	1.37%	2.23%	2.07%	0.90%
Unemployment	7.20%	6.90%	7.10%	6.80%	7.05%

US

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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