

Today's Commentary

North American markets closed with losses on Friday, after a week of high volatility, seeing swings of more than 1% on three separate days. The TSX was down 72.80bps (-0.50%) to 14,384.92. The S&P 500 and the Dow also fell 17.33 (-0.84%) and 170.50 (-0.95%) to 2,044.81 and 17,737.37, respectively. Concern over the effectiveness of Europe's stimulus plan and American wage numbers likely led to this negative investor sentiment. To add to this pessimism, Canadian employment fell by 4,300, but the unemployment rate remained at 6.6%, as 11,200 people left the labor force. Crude oil also continued its fall, ending the weekend at \$48.36. In contrast, gold prices rose, closing the weekend at \$1,223.60. The yield on US 10s rose 2bps to 1.96%, while the yield on Canadian 10s also rose 2bps to 1.67%.

US non-farm payroll data for December gave mixed signals as to the health of the US labour market. The numbers showed 252K jobs were added, surpassing street estimates of 240K, and leading to a fall in the unemployment rate to 5.6% from 5.8% in the previous month. Overshadowing this positive tone was a fall in the labour force participation rate to 62.7% from 62.9%, the lowest level since Feb. 1978. In addition, average hourly earnings declined 0.2%, while November's 0.4% gain in wages was revised downwards to 0.2%. On the whole, stuttering wage gains gives the Fed less belief that its 2% inflation target can be achieved within a reasonable timeframe, and suggests the FOMC likely won't tighten rates before June. Short-dated treasuries rallied most in response to the news, with yields on two-year notes falling 4bps to 0.57%.

Fitch Ratings cut Russia's credit rating to a BBB- rating on Friday, the lowest investment grade above junk bond status. The downgrade follows Russia's worst currency crisis since 1998, caused by plummeting oil prices and sanctions over tensions in Ukraine, which have excluded Russian corporate borrowers from international capital markets. The lower Fitch rating conforms to the Standard & Poor's downgrade of Russian debt to BBB- in April of last year, and rates the debt at the same level as India and Turkey. Russian monetary authorities have responded to the current crisis by raising the key interest rate six times last year, and spending nearly \$90 billion in reserves to support the ruble. S&P will complete its review of Russian sovereign debt by the middle of this month, and warns that there is a significant chance it will downgrade the rating to junk status.

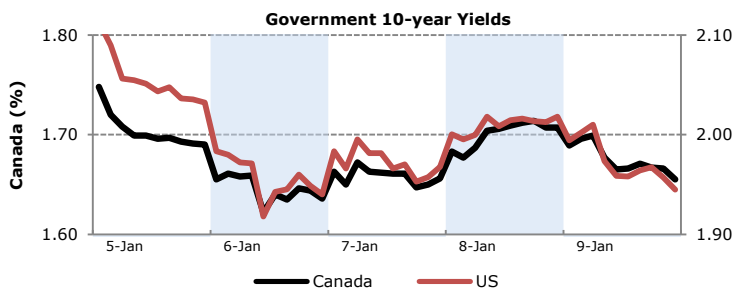
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

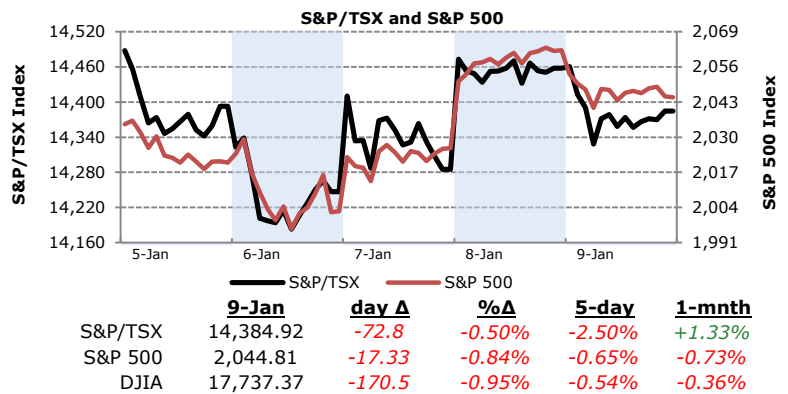
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

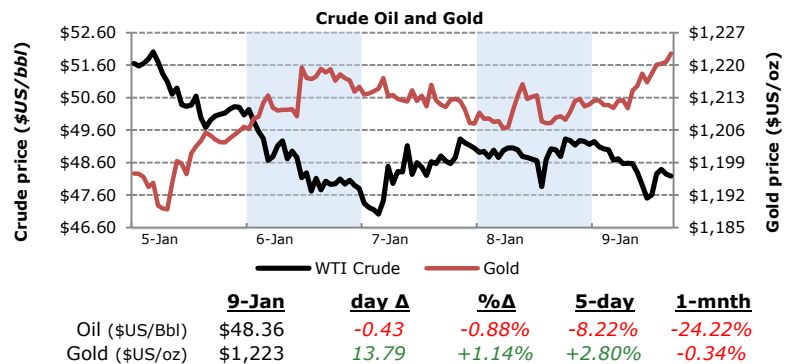
Interest Rates



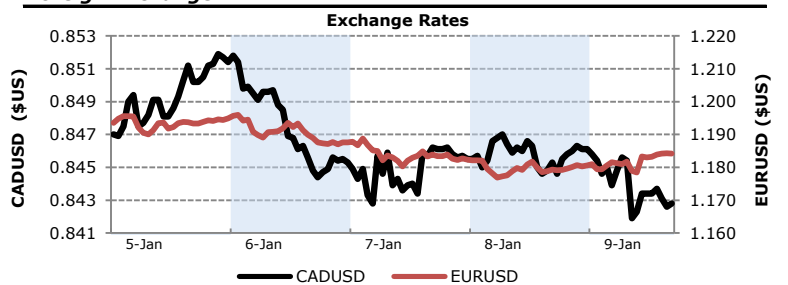
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	9-Jan	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.187		+0.004	1.179	1.148	1.084
EURUSD	\$1.184		+0.005	1.200	1.232	1.361
USDJPY	¥118.50		-1.160	120.500	120.69	104.82

Government 10-year Yields

	9-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.66%	-0.052%	1.83%	2.01%	2.69%
United States	1.94%	-0.073%	2.16%	2.28%	2.97%

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

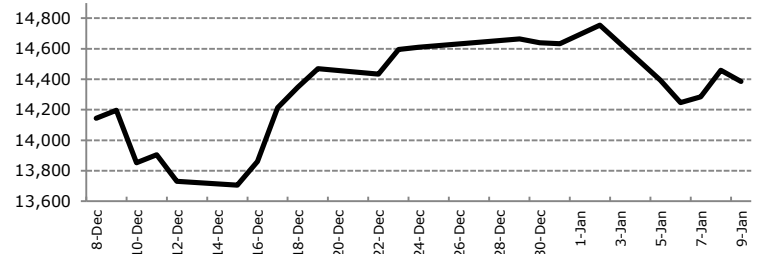


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

S&P/TSX Composite

	9-Jan	day Δ	%Δ
S&P/TSX	14,384.92	-72.8	-0.50%
Trailing S&P/TSX TSX 60			
5-day	-2.50%	-2.53%	
1-month	+1.33%	+1.04%	
3-months	-0.52%	+0.36%	
6-months	-5.46%	-3.75%	
12-months	+5.54%	+7.07%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.91%	-0.67%	+2.75%	+25.90%
C. Staples	-1.31%	-4.18%	+3.96%	+39.06%
Energy	+0.23%	-7.30%	+0.48%	-22.73%
Financials	-1.44%	-4.30%	-2.64%	+4.73%
Healthcare	-0.76%	+1.28%	+5.75%	+12.01%
Info Tech	-0.48%	-0.98%	+4.28%	+30.84%
Industrials	-0.73%	-3.15%	+1.12%	+14.52%
Materials	+1.70%	+4.23%	+4.75%	+0.92%
Metals & Mining	-0.15%	-3.10%	+1.61%	-10.89%
Telecom	-0.79%	-0.62%	+1.61%	+10.07%
Utilities	-0.16%	+0.43%	+2.61%	+11.56%

TSX Top Performers

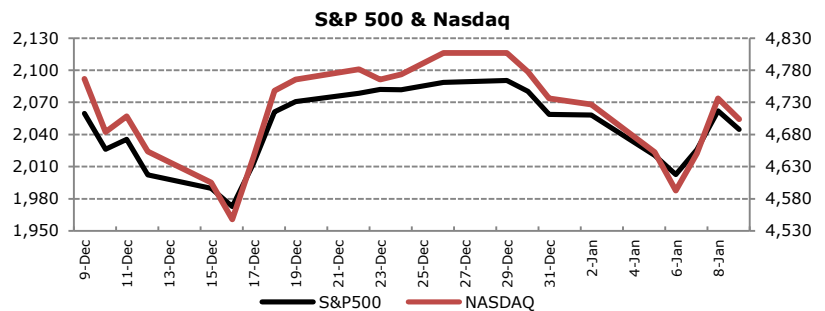
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Aurico Gold Inc	+7.62%	+17.09%	+16.21%	+18.57%
Torex Gold Resources Inc	+7.25%	+10.45%	+9.63%	+46.53%
Oceanagold Corp	+6.64%	+12.62%	+14.22%	+54.49%
Agnico Eagle Mines Ltd	+6.52%	+11.25%	+20.28%	+26.36%
First Majestic Silver Cor	+6.46%	+20.85%	+41.87%	-32.11%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Pacific Rubiales Energy C	-7.89%	-23.91%	-19.90%	-67.10%
Home Capital Group Inc	-6.06%	-11.03%	-7.42%	+12.63%
Bombardier Inc-B	-5.08%	-6.67%	-2.36%	-8.28%
Surge Energy Inc	-4.97%	-24.47%	-29.07%	-52.52%
Trilogy Energy Corp	-4.87%	-23.49%	-17.29%	-74.75%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
9-Jan	2,044.81	17,737.37	4,704.07
1-day	-0.84%	-0.95%	-0.68%
5-day	-0.65%	-0.54%	-0.48%
1-month	-0.73%	-0.36%	-1.31%
3-months	+6.05%	+6.47%	+7.44%
6-months	+3.65%	+4.43%	+6.45%
12-months	+11.24%	+7.86%	+13.18%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.14%	-1.10%	+0.32%	+7.23%
C. Staples	-0.80%	+1.65%	+1.47%	+16.01%
Energy	-0.79%	-3.60%	-0.94%	-11.38%
Financials	-1.34%	-2.41%	-2.66%	+9.36%
Healthcare	-0.81%	+2.28%	-0.45%	+24.25%
Info Tech	-0.28%	-0.19%	-0.87%	+19.40%
Industrials	-1.09%	-2.03%	-1.97%	+6.08%
Materials	-0.50%	-0.57%	-1.08%	+5.87%
Telecom	-0.66%	-1.15%	+0.11%	+1.33%
Utilities	-0.65%	-0.17%	+2.77%	+25.81%

DJIA Top Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Cisco Systems Inc	+1.02%	+0.65%	+2.05%	+29.71%
Walt Disney Co/The	+0.49%	+0.53%	+2.70%	+27.43%
Pfizer Inc	+0.46%	+4.21%	+2.19%	+9.28%

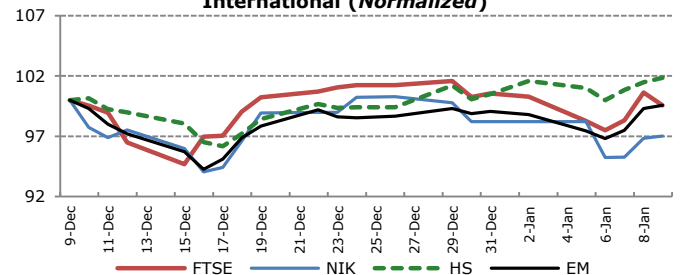
DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Chevron Corp	-1.99%	-3.88%	+1.12%	-9.10%
Jpmorgan Chase & Co	-1.74%	-5.04%	-4.37%	+3.69%
Home Depot Inc	-1.71%	+1.41%	+5.27%	+31.37%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,501.14	17,197.73	23,919.95	961.37
1-day	-1.05%	+0.18%	+0.35%	+0.26%
5-day	-0.71%	-1.46%	+0.26%	+0.80%
1-month	-0.43%	-3.46%	+1.85%	-0.42%
3-months	+1.08%	+11.10%	+1.64%	-4.66%
6-months	-3.23%	+12.38%	+3.21%	-9.38%
12-months	-2.84%	+8.30%	+4.97%	-0.18%

International (Normalized)



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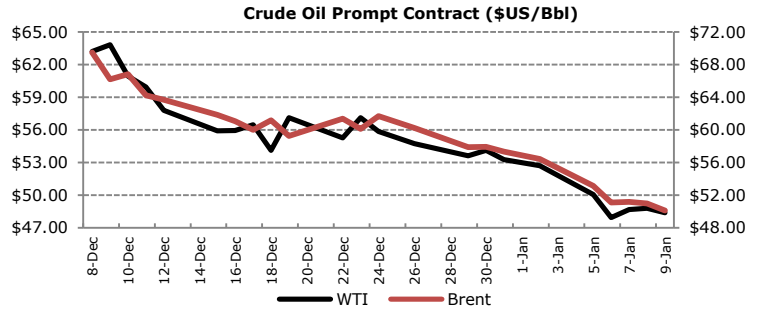
Nymex WTI Crude Oil

(\$US/Bbl)	9-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$48.36	-\$0.43	-0.88%	-8.22%	-24.22%
Cal 15	\$51.95	-\$0.12	-0.24%	-6.85%	-30.33%
Cal 16	\$58.56	+\$0.21	+0.37%	-5.89%	-22.72%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$65.50	\$70.00	\$75.00	\$78.00	\$80.00
Current Forward	\$50.53	\$52.77	\$54.74	\$56.42	\$58.56

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



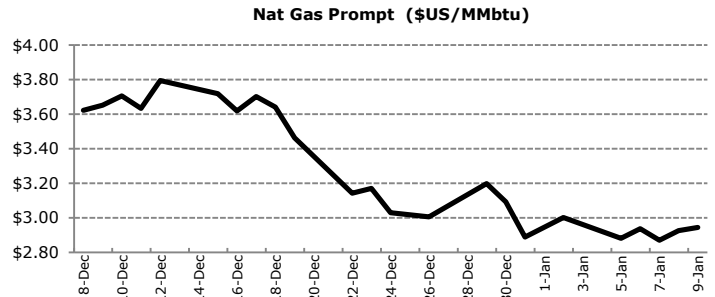
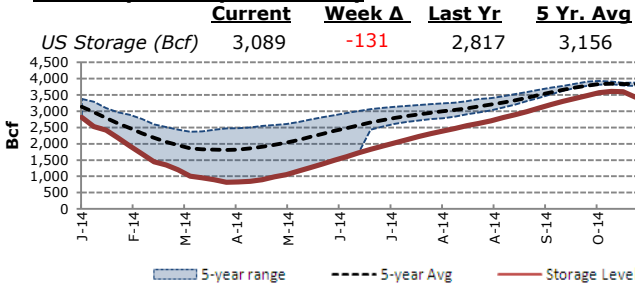
UK Brent Crude Oil

(\$US/Bbl)	9-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$50.11	-\$0.85	-1.70%	-11.18%	-24.29%

Nymex Natural Gas

(\$US/MMbtu)	9-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.95	+\$0.02	+0.65%	-1.90%	-19.33%
Feb15-Mar15	\$2.95	+\$0.03	+1.07%	-1.06%	-25.98%
Apr15-Oct15	\$3.01	+\$0.04	+1.36%	-0.65%	-20.00%
Nov15-Mar16	\$3.38	+\$0.03	+0.92%	-1.93%	-16.59%
Apr16-Oct16	\$3.33	+\$0.02	+0.72%	-1.92%	-12.80%

Inventory Levels (as of Jan-02)

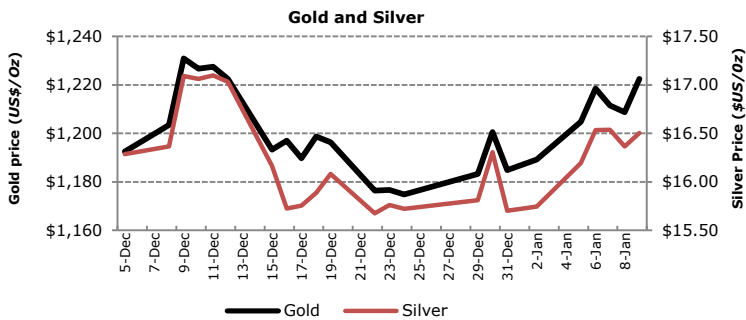


Alberta Natural Gas

(\$CAD/GJ)	9-Jan	day Δ	%Δ
AECO Feb-15	\$2.68	+\$0.05	+1.8%

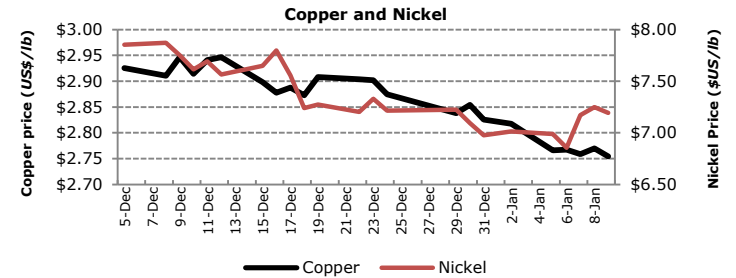
Precious Metals

\$US/oz	9-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,222.52	+\$13.79	+1.1%	+2.8%	-0.3%	-1.3%
Silver	\$16.50	+\$0.14	+0.8%	+4.8%	-3.3%	-5.1%
Platinum	\$1,232	+\$13.75	+1.1%	+2.5%	-0.7%	-1.3%



Industrial Metals

\$US/lb	9-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.75	-\$0.01	-0.5%	-2.2%	-5.5%	-7.6%
Nickel	\$7.19	-\$0.06	-0.8%	+2.6%	-5.5%	-5.2%
Zinc	\$1.06	+\$0.00	+0.2%	-0.7%	-1.4%	-7.4%
Aluminum	\$0.87	+\$0.01	+1.2%	-2.2%	-7.4%	-6.5%
Uranium	\$35.40	+\$0.15	+0.4%	+0.4%	-6.2%	-0.3%



Agriculture & Other

	9-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.00	+\$0.06	+1.5%	+1.1%	+0.4%
Wheat (\$US/bu)	\$5.64	-\$0.03	-0.6%	-3.0%	-5.6%
Soybeans (\$US/bu)	\$10.52	+\$0.04	+0.4%	+4.4%	+0.3%
Rough Rice (\$US/cwt)	\$11.55	+\$0.02	+0.2%	+0.0%	-6.6%
Sugar #11 (¢US/lb)	¢14.91	¢0.03	+0.2%	+5.2%	-1.6%
Lean Hogs (¢US/lb)	¢79.03	¢0.85	+1.1%	-2.8%	-6.3%
Live Cattle (¢US/lb)	¢160.60	¢3.00	-1.8%	-3.1%	-1.2%
Cotton No.2 (\$US/lb)	\$0.61	+\$0.00	+0.3%	+2.0%	+0.5%
Lumber (\$US/Mbft)	\$319.00	-\$1.20	-0.4%	-2.6%	-4.8%

Commodity ETFs

	9-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$2.26	-\$0.07	-3.0%	-16.3%	-42.9%
HBP Nat Gas U	\$5.21	+\$0.06	+1.2%	+0.2%	-36.3%
iShares Gold ETF	\$10.83	+\$0.12	+1.1%	+2.5%	+1.0%
\$USD					
US Crude Oil	\$18.28	-\$0.27	-1.5%	-8.09%	-19.4%
US Nat Gas	\$14.99	+\$0.05	+0.3%	0.20%	-19.6%
PSDB Agriculture	\$24.84	-\$0.06	-0.2%	0.81%	-1.3%
PSDB Base Metals	\$15.57	-\$0.14	-0.9%	-2.23%	-5.0%

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Interest Rates

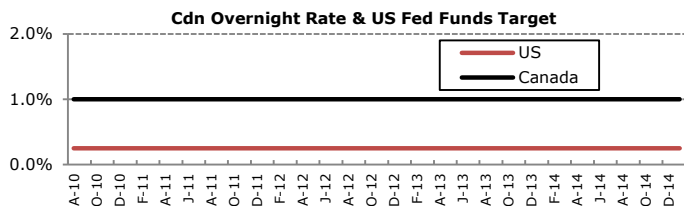
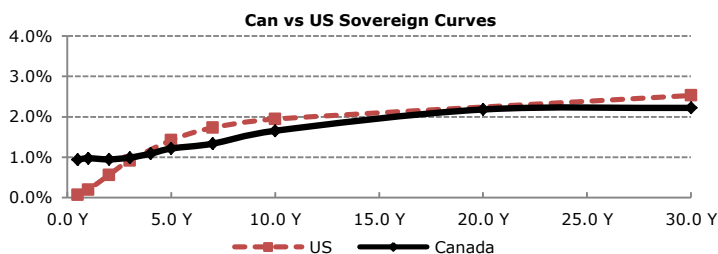
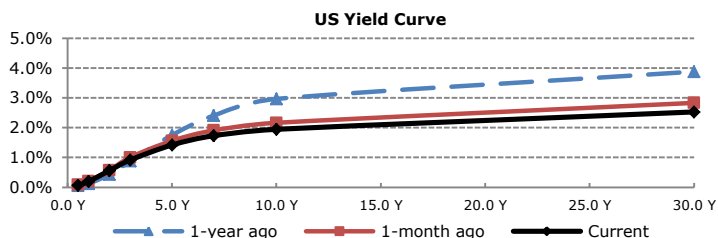
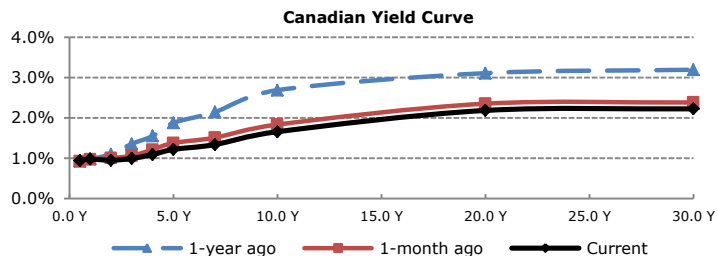
Canadian yield curve

	9-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%	0.92%
12-mnth	0.98%	-0.00%	0.97%	0.99%	0.98%
2-year	0.95%	-0.03%	1.00%	1.05%	1.10%
5-year	1.22%	-0.05%	1.38%	1.51%	1.87%
10-year	1.66%	-0.05%	1.83%	2.01%	2.69%
20-year	2.18%	-0.05%	2.35%	2.51%	3.11%
30-year	2.22%	-0.05%	2.38%	2.55%	3.19%

US yield curve

	9-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-	0.03%	0.01%	0.04%
6-mnth	0.07%	-	0.09%	0.04%	0.06%
12-mnth	0.19%	-0.04%	0.20%	0.08%	0.12%
2-year	0.56%	-0.04%	0.57%	0.42%	0.43%
5-year	1.42%	-0.07%	1.56%	1.53%	1.75%
10-year	1.94%	-0.07%	2.16%	2.28%	2.97%
30-year	2.53%	-0.07%	2.83%	3.01%	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	9-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.187	+0.004	1.148	1.118	1.084
EURUSD	\$1.184	+0.005	1.232	1.267	1.361
USDJPY	¥118.50	-1.160	120.69	108.03	104.82
GBPUSD	\$1.516	+0.007	1.565	1.610	1.648
AUDUSD	\$0.820	+0.008	0.829	0.882	0.890

Spot	9-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥99.86	-1.279	105.14	96.67	96.67
CADAUD	\$1.028	-0.013	1.050	1.015	1.036
GBPUSD	£1.799	+0.013	1.797	1.799	1.787
EURJPY	¥140.32	-0.800	148.65	136.86	142.65
EURAUD	\$1.44	-0.008	1.49	1.44	1.53

Economic Releases

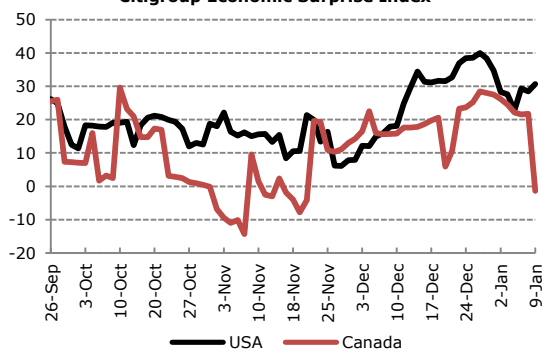
United States

	Period	Survey	Actual	Prior
Wed, Jan 14	Advance Retail Sales	-0.1%	--	0.7%
Thu, Jan 15	Continuing Claims	2402K	--	2452K
Thu, Jan 15	Initial Jobless Claims	291.5K	--	294K
Fri, Jan 16	Industrial Production	-0.1K	--	1.3K
Fri, Jan 16	Consumer Price Index (MoM)	-0.4%	--	-0.3%

Canada

Period	Survey	Actual	Prior
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Citigroup Economic Surprise Index

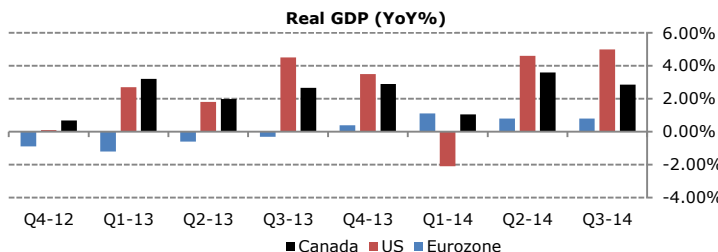


Economics

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%	6.60%	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%



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