

Today's Commentary

The three day respite of stabilized oil prices is over as North American markets fell yesterday following a drop of almost 5% in the price of oil, with WTI crude losing \$2.29 a barrel to close the day at \$46.07. The S&P 500 closed the day at 2,028.26 after losing 16.55 (0.81%), while the Dow was down 96.53 (0.54%) to close at 17,640. The TSX also fell 119.91 (0.83%) to 14,265, as over half of its sectors showed losses; the energy and mining sectors took the biggest hits, falling 4.61% and 3.87% respectively. The Canadian dollar depreciated to 83.56 cents US, its lowest level since April 2009, also suffering from the drastic drop in oil. Gold rose 10.74 (0.88%) to 1,233 an ounce, while US 10s lost 4bps to 1.76% and Canada 10s shed 5 bps to 1.61%, as investors seek safer havens in turbulent markets.

Crude oil prices took another turn for the worse, as the United Arab Emirates plans to remain on course to hike oil production capacity to 3.5 million barrels a day by 2017. "In this time of unstable oil prices, we are showing in Abu Dhabi and across the country that we remain dedicated to reach our long-term production goals" said Energy Minister Suhail Al Mazrouei in a presentation yesterday. This supply glut story, coupled with downgrades by Goldman Sachs and Société Générale of oil price forecasts sent Brent down to \$47.43 a barrel (5.3%) on the ICE Futures Europe. Goldman Sachs analysts predict WTI could hover as low as \$39 a barrel in six months, and will likely be \$65 a barrel a year from now.

The Japanese government will be implementing a record budget for the next fiscal year, in an attempt to support the frail economy. The budget consists of 96.34 trillion yen (\$814 billion), which will be for the 12 months starting April 1st. Japanese tax revenue is expected to rise to its highest level in 24 years. It is project to be 54.53 trillion yen, which will cover 57% of the budget, up from 52%. The Finance Minister, Taro Aso, stated that "The budget deals appropriately with issues Japan faces, including the revitalization of regional economies and the improvement of social welfare...Coupled with tax revisions for the next year, the budget will revive the economy while consolidating government finances."

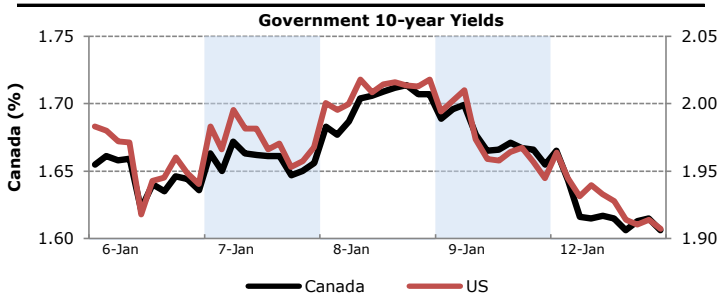
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

Interest Rates

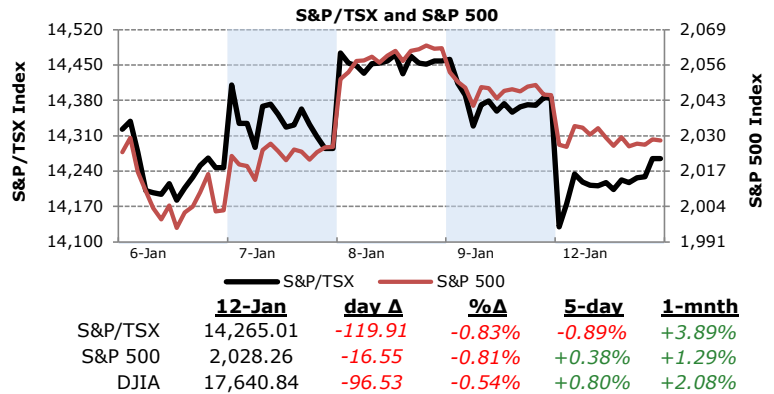


Master of Financial Economics Program

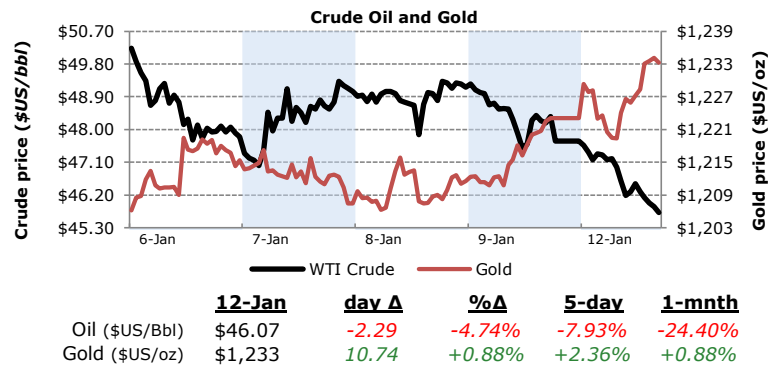
The Master of Financial Economics Program at the University of Toronto is a collaborative program of the Department of Economics and the Rotman School of Management. The program's key objective is to provide a broad understanding of Financial Theory and the Economics framework upon which that theory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

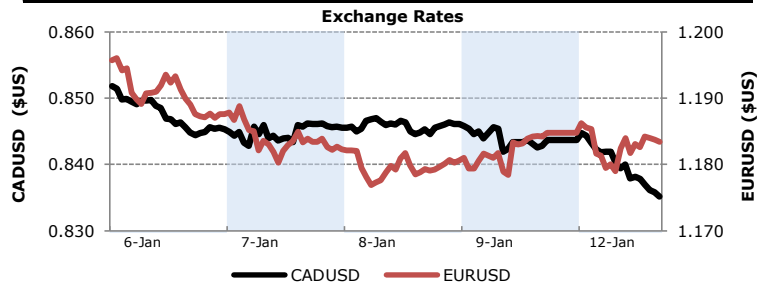
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	12-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.197	+0.011	1.176	1.145	1.089
EURUSD	\$1.183	-0.001	1.193	1.237	1.367
USDJPY	¥118.35	-0.150	119.640	119.69	104.18

Government 10-year Yields

	12-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.61%	-0.049%	1.76%	1.94%	2.56%
United States	1.91%	-0.038%	2.08%	2.20%	2.86%

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.

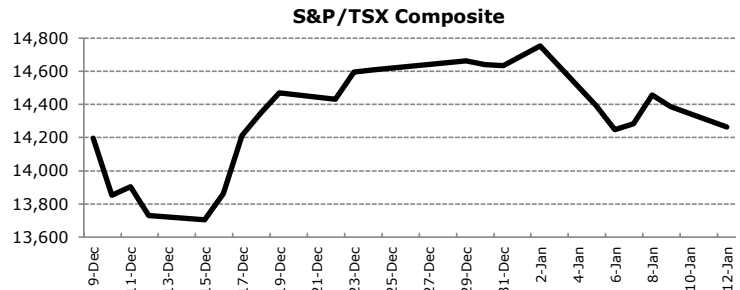
<http://www.rotmanfinanceassociation.com>

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	12-Jan	day Δ	%Δ
S&P/TSX	14,265.01	-119.91	-0.83%
Trailing S&P/TSX			
5-day		-0.89%	-0.58%
1-month		+3.89%	+3.83%
3-months		+0.26%	+1.31%
6-months		-5.69%	-3.96%
12-months		+3.76%	+5.38%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.10%	+0.94%	+4.02%	+24.59%
C. Staples	+0.05%	-2.35%	+3.95%	+38.68%
Energy	-4.61%	-5.43%	+2.83%	-27.22%
Financials	-0.94%	-3.18%	-0.72%	+3.71%
Healthcare	+0.22%	+2.83%	+6.95%	+11.26%
Info Tech	-1.18%	-0.78%	+5.32%	+30.08%
Industrials	-0.72%	-0.97%	+2.77%	+11.76%
Materials	+1.84%	+6.52%	+11.98%	+0.34%
Metals & Mining	-3.87%	-2.62%	+5.90%	-15.45%
Telecom	+0.46%	+0.94%	+2.89%	+9.63%
Utilities	+0.21%	+0.63%	+6.16%	+11.30%

TSX Top Performers

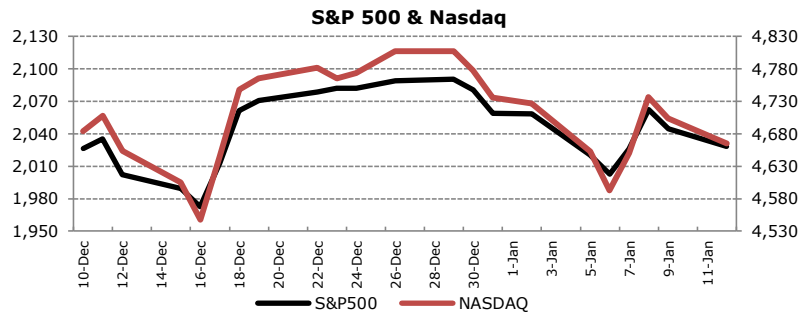
Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Amaya Inc	+11.97%	+6.44%	+6.15%	+293.27%
Semafo Inc	+10.34%	+15.66%	+28.43%	+26.32%
Alacer Gold Corp	+9.89%	+14.50%	+17.19%	+35.75%
Silver Standard Resources	+9.80%	+18.27%	+22.91%	-9.08%
First Majestic Silver Cor	+9.30%	+24.77%	+46.13%	-29.54%

TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Legacy Oil + Gas Inc	-14.79%	-20.88%	-21.31%	-75.80%
Surge Energy Inc	-12.20%	-24.10%	-27.17%	-61.53%
Rmp Energy Inc	-11.46%	-7.51%	+9.44%	-29.52%
Meg Energy Corp	-11.39%	-5.31%	+7.13%	-51.72%
Painted Pony Petroleum	-11.36%	-21.41%	-21.49%	+9.50%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
12-Jan	2,028.26	17,640.84	4,664.71
1-day	-0.81%	-0.54%	-0.84%
5-day	+0.38%	+0.80%	+0.26%
1-month	+1.29%	+2.08%	+0.24%
3-months	+6.41%	+6.63%	+9.08%
6-months	+3.08%	+4.11%	+5.64%
12-months	+10.09%	+7.32%	+11.74%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.47%	+0.42%	+1.20%	+6.33%
C. Staples	-0.34%	+2.09%	+2.63%	+15.41%
Energy	-2.80%	-2.40%	+1.49%	-14.00%
Financials	-0.85%	-1.17%	-0.45%	+8.58%
Healthcare	-0.07%	+2.84%	+2.48%	+23.65%
Info Tech	-1.34%	+0.24%	+0.49%	+17.55%
Industrials	-0.66%	-0.37%	+0.68%	+5.21%
Materials	-0.31%	+1.84%	+3.71%	+5.16%
Telecom	+0.56%	+0.42%	+3.49%	+1.50%
Utilities	-0.27%	+0.88%	+3.71%	+23.69%

DJIA Top Performers

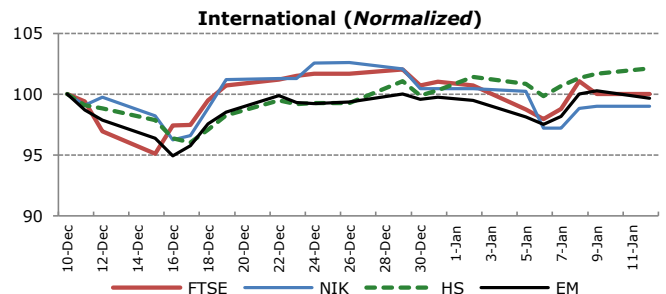
Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Du Pont (E.I.) De Nemours	+1.24%	+3.75%	+7.30%	+17.11%
Cisco Systems Inc	+0.94%	+3.66%	+4.45%	+26.29%
Wal-Mart Stores Inc	+0.75%	+5.10%	+7.41%	+15.35%

DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Chevron Corp	-2.15%	-2.04%	+3.42%	-12.50%
Exxon Mobil Corp	-1.92%	+0.04%	+4.31%	-10.14%
Intl Business Machines Co	-1.68%	-1.92%	+0.68%	-16.46%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,501.42	17,197.73	24,026.46	955.53
1-day	+0.00%	+0.18%	+0.45%	-0.61%
5-day	+1.31%	-1.45%	+1.29%	+1.58%
1-month	+3.19%	-3.46%	+3.34%	+1.82%
3-months	+2.55%	+11.10%	+4.06%	-3.47%
6-months	-2.82%	+12.38%	+3.41%	-9.74%
12-months	-3.54%	+8.30%	+5.17%	-1.51%



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Nymex WTI Crude Oil

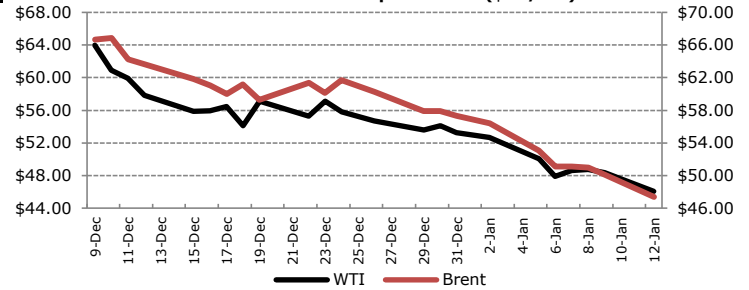
(\$US/Bbl)	12-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$46.07	-\$2.29	-4.74%	-7.93%	-24.40%
Cal 15	\$49.91	-\$2.04	-3.93%	-6.62%	-32.66%
Cal 16	\$57.08	-\$1.48	-2.53%	-5.68%	-24.44%

(\$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	\$48.36	\$50.75	\$52.94	\$54.77	\$57.08

Inventory Levels (as of Jan-02)

(MBbls)	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

Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

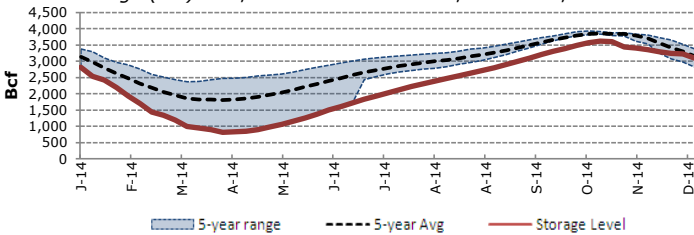
(\$US/Bbl)	12-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$47.43	-\$2.68	-5.65%	-10.69%	-29.04%

Nymex Natural Gas

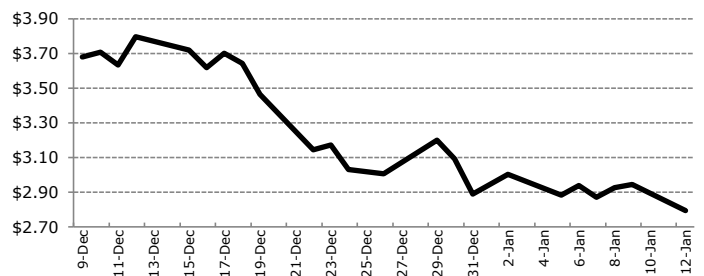
(\$US/MMbtu)	12-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.80	-\$0.15	-5.13%	-3.02%	-24.58%
Feb15-Mar15	\$2.81	-\$0.14	-4.86%	-2.17%	-27.99%
Apr15-Oct15	\$2.88	-\$0.14	-4.61%	-1.78%	-24.46%
Nov15-Mar16	\$3.27	-\$0.11	-3.22%	-2.25%	-17.00%
Apr16-Oct16	\$3.27	-\$0.06	-1.91%	-1.42%	-16.31%

Inventory Levels (as of Jan-02)

	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	3,089	-131	2,817	3,156



Nat Gas Prompt (\$US/MMbtu)



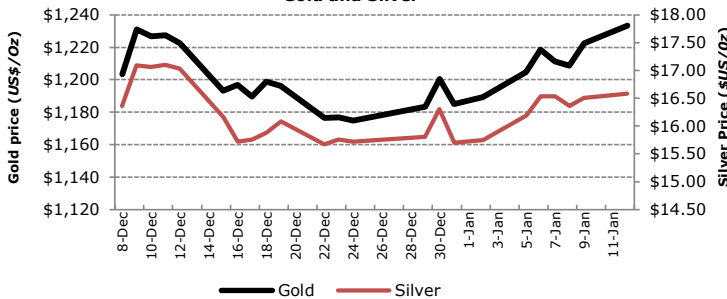
Alberta Natural Gas

(\$CAD/GJ)	12-Jan	day Δ	%Δ
AECO Feb-15	\$2.49	-\$0.19	-6.9%

Precious Metals

\$US/oz	12-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,233.26	+\$10.74	+0.9%	+2.4%	+0.9%	-0.4%
Silver	\$16.58	+\$0.08	+0.5%	+2.4%	-2.7%	-4.0%
Platinum	\$1,242	+\$10.25	+0.8%	+2.4%	+0.8%	-1.6%

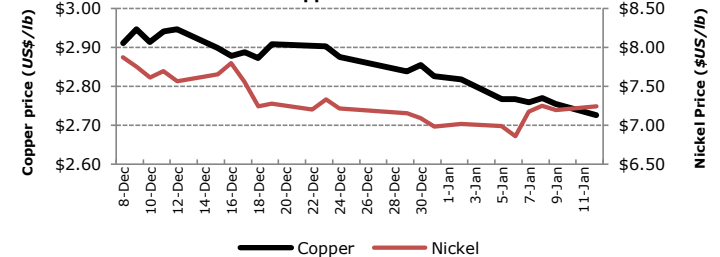
Gold and Silver



Industrial Metals

\$US/lb	12-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.73	-\$0.03	-1.1%	-1.5%	-7.5%	-9.3%
Nickel	\$7.24	+\$0.05	+0.7%	+3.6%	-4.3%	+0.6%
Zinc	\$1.06	-\$0.00	-0.4%	-1.8%	-0.4%	-3.0%
Aluminum	\$0.88	+\$0.01	+1.1%	-1.1%	-6.4%	-3.3%
Uranium	\$35.45	+\$0.05	+0.1%	+0.9%	-4.8%	-0.8%

Copper and Nickel



Agriculture & Other

	12-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.02	+\$0.02	+0.4%	-1.0%	-1.3%
Wheat (\$US/bu)	\$5.56	-\$0.08	-1.5%	-5.7%	-8.4%
Soybeans (\$US/bu)	\$10.16	-\$0.36	-3.4%	-2.8%	-3.6%
Rough Rice (\$US/cwt)	\$11.46	-\$0.08	-0.7%	-1.1%	-9.2%
Sugar #11 (¢US/lb)	\$14.76	-\$0.15	-1.0%	+3.5%	-1.5%
Lean Hogs (¢US/lb)	¢76.65	¢-2.38	-3.0%	-4.1%	-7.9%
Live Cattle (¢US/lb)	¢160.45	¢-0.15	-0.1%	-3.5%	-1.1%
Cotton No.2 (\$US/lb)	\$0.60	-\$0.01	-1.7%	-1.6%	-1.3%
Lumber (\$US/Mbft)	\$316.80	-\$2.20	-0.7%	-2.7%	-6.4%

Commodity ETFs

\$CAD	12-Jan	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$2.04	-\$0.22	-9.7%	-15.4%	-49.8%
HBP Nat Gas U	\$4.67	-\$0.54	-10.4%	-8.6%	-43.1%
iShares Gold ETF	\$10.98	+\$0.15	+1.4%	+2.6%	+0.5%

\$USD	12-Jan	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$17.41	-\$0.87	-4.8%	-7.34%	-17.3%
US Nat Gas	\$14.18	-\$0.81	-5.4%	-4.64%	-25.4%
PSDB Agriculture	\$24.66	-\$0.18	-0.7%	-1.12%	-2.4%
PSDB Base Metals	\$15.47	-\$0.09	-0.6%	-1.84%	-4.7%

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Interest Rates

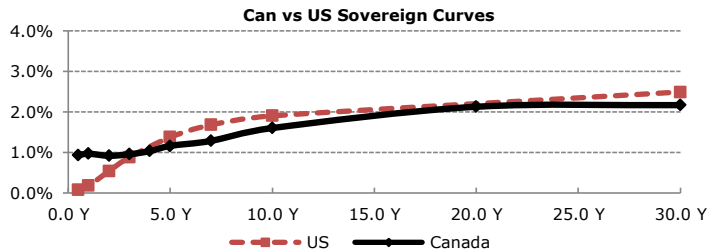
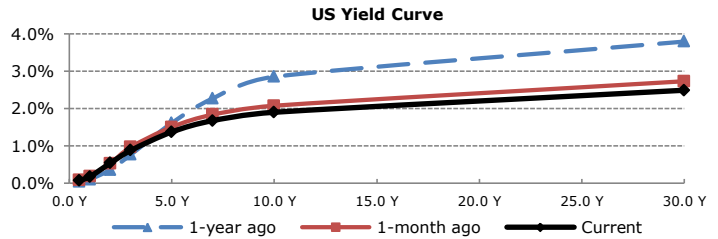
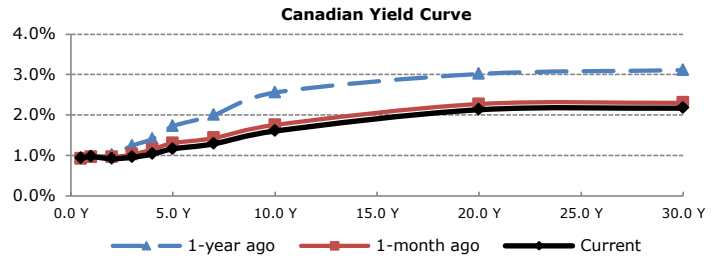
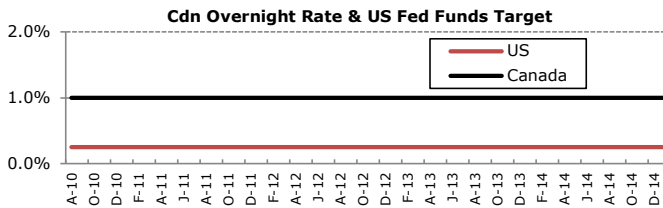
Canadian yield curve

	12-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.91%	-	0.89%	0.89%	0.89%
6-mnth	0.94%	-	0.92%	0.91%	0.92%
12-mnth	0.97%	-0.00%	0.97%	0.96%	0.96%
2-year	0.92%	-0.03%	0.96%	0.98%	1.02%
5-year	1.17%	-0.05%	1.31%	1.43%	1.73%
10-year	1.61%	-0.05%	1.76%	1.94%	2.56%
20-year	2.13%	-0.05%	2.27%	2.45%	3.02%
30-year	2.17%	-0.05%	2.30%	2.49%	3.11%

US yield curve

	12-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-	0.02%	0.01%	0.04%
6-mnth	0.08%	+0.01%	0.09%	0.03%	0.06%
12-mnth	0.18%	-0.01%	0.19%	0.07%	0.11%
2-year	0.54%	-0.02%	0.54%	0.37%	0.37%
5-year	1.38%	-0.04%	1.51%	1.44%	1.62%
10-year	1.91%	-0.04%	2.08%	2.20%	2.86%
30-year	2.50%	-0.03%	2.74%	2.95%	3.80%

	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>	12-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.197	+0.011	1.145	1.111	1.089
EURUSD	\$1.183	-0.001	1.237	1.273	1.367
USDJPY	¥118.35	-0.150	119.69	108.08	104.18
GBPUSD	\$1.517	+0.001	1.567	1.617	1.648
AUDUSD	\$0.816	-0.005	0.829	0.884	0.900

	Spot	12-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥98.83	-1.027		104.57	97.31	95.63
CADAUD	\$1.024	-0.004		1.053	1.018	1.021
GBPCAD	£1.817	+0.018		1.793	1.796	1.796
EURJPY	¥140.05	-0.270		148.11	137.63	142.39
EURAUD	\$1.45	+0.007		1.49	1.44	1.52

Economic Releases

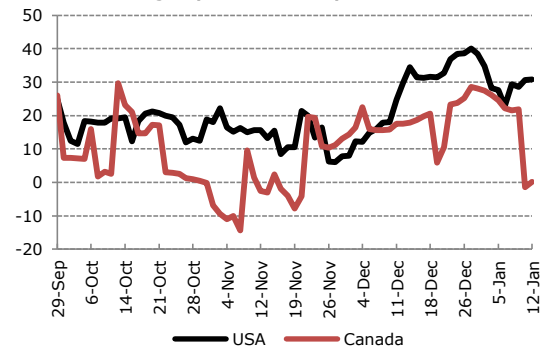
United States

		Period	Survey	Actual	Prior
Wed, Jan 14	Advance Retail Sales		-0.1%	--	0.7%
Thu, Jan 15	Continuing Claims		2401K	--	2452K
Thu, Jan 15	Initial Jobless Claims		290K	--	294K
Fri, Jan 16	Industrial Production		-0.1K	--	1.3K
Fri, Jan 16	Consumer Price Index (MoM)		-0.4%	--	-0.3%

Canada

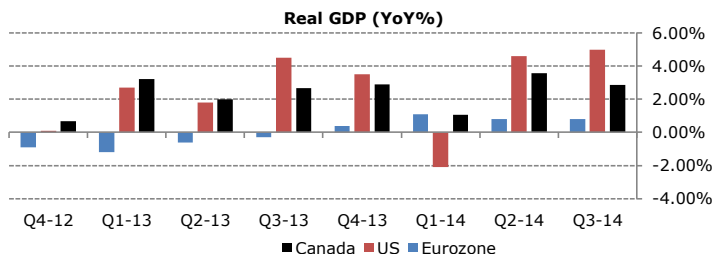
Period	Survey	Actual	Prior
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Citigroup Economic Surprise Index



Economics

	Q4-13	Q1-14	Q2-14	Q3-14	2013E
Canada					
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%	6.60%	6.10%	5.90%	7.40%
China					
Real GDP	7.70%	7.40%	7.50%	7.30%	7.70%



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