

Today's Commentary

North American equity markets experienced high volatility yesterday, closing with losses. The S&P 500 and the Dow dropped 5.23 (0.26%) to 2,023.03 and 27.16 (0.15%) to 17,613.68 respectively. The TSX lost 77.85 (0.55%), dropping to 14,187.16 as the base-metals sector dragged the index down due to weaker than expected imports from China. The American VIX climbed to 20.56, while the Canadian VIX 24.88, its highest level since June 2012. The volatility increase is largely attributable to the plummeting oil prices, fears of deflation and slow global growth. WTI crude oil fell further yesterday to \$45.89, its lowest since April 2009. The yield on US 10s fell 1bps to 1.9%, while Canadian 10s also dropped 1bps to 1.6%.

The US labour market is continuing to show signs of diminishing slack, as the number of job openings last November has hit a 14 year high of 4.97 million, surpassing an anticipated 4.85 million. In addition, an encouraging survey by the NFIB (National Federation of Independent Business) found 25% of small business respondents raised employee wages in the last three months and another 17% plan to do so over the next 6 months. Wage inflation has so far eluded the Fed, but yesterday's data suggest hourly earnings should be on track to rise 2-3% in 2015. This is above the 1.7% we have seen in 2014, yet below the 3-4% consistent with a 2% inflation target. However, analysts believe lower than normal wage inflation will not be too large of a stumbling block to initial tightening by the Fed, as other labour market indicators continue to impress.

The Bank of Canada released its Business Outlook Survey for Winter 2014-2015, and has a positive outlook for growth in all but the energy sector, expecting sales to grow at a slightly accelerated pace over this year. Positive US economic outlook is also bolstering future sales outlook of Canadian firms. Hiring and investment in the manufacturing sector shows signs of increasing, as firms plan to expand production, though opinions in other sectors are showing slowdown of both. Input prices are expected to grow at a comparable rate to 2014, with declining commodity prices being offset by the depreciating loonie. Strong competition is expected to slow the price growth of Canadian marketed goods, while inflation is anticipated to be near the lower portion of the BOC's target range. Overall business outlook is positive for Canada, especially for export firms and manufacturers, as indicators show strengthening demand.

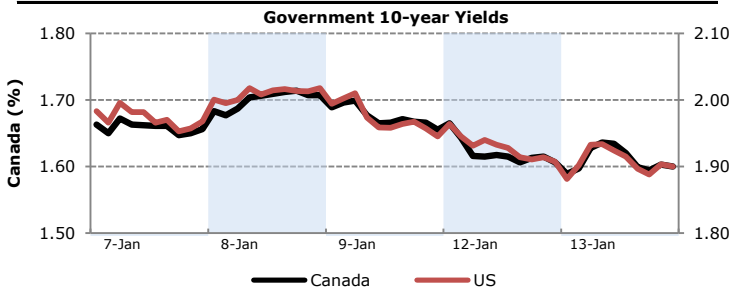
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

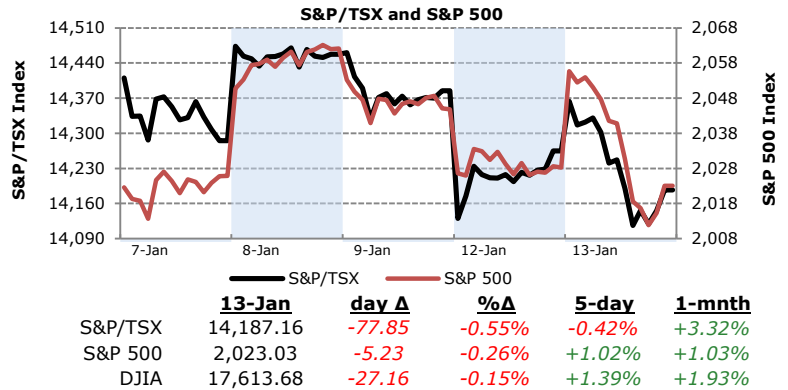
United States	Period	Survey	Actual	Prior
Advance Retail Sales		-0.1%	--	-0.7%
Continuing Claims		2400K	--	2452K
Initial Jobless Claims		290K	--	294K

Canada	Period	Survey	Actual	Prior
None Scheduled				

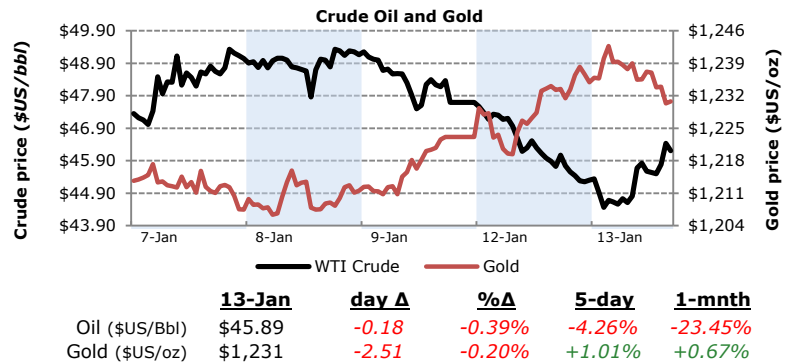
Interest Rates



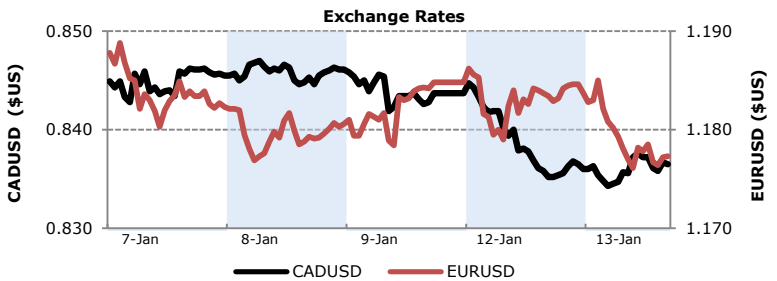
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	13-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.196	-0.002	1.184	1.148	1.086
EURUSD	\$1.177	-0.006	1.189	1.245	1.367
USDJPY	¥117.93	-0.420	118.390	117.82	103.00

	13-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Government 10-year Yields					
Canada	1.60%	-0.006%	1.76%	1.92%	2.54%
United States	1.90%	-0.007%	2.08%	2.14%	2.83%

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



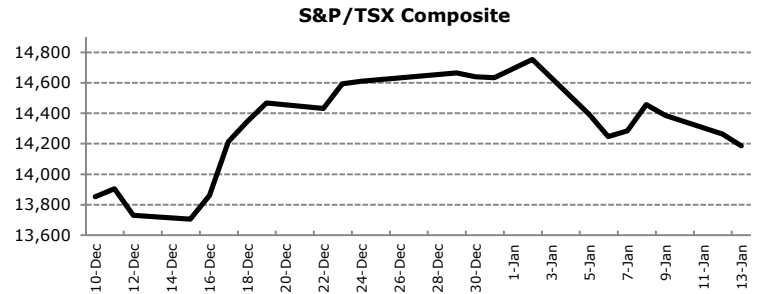
The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

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	13-Jan	day Δ	%Δ
S&P/TSX	14,187.16	-77.85	-0.55%
Trailing S&P/TSX			
5-day		-0.42%	-0.33%
1-month		+3.32%	+3.17%
3-months		-0.28%	+0.66%
6-months		-6.20%	-4.57%
12-months		+3.70%	+5.20%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.15%	+2.08%	+4.17%	+25.60%
C. Staples	+0.67%	+1.10%	+4.64%	+40.24%
Energy	+0.37%	-3.03%	+3.21%	-25.99%
Financials	-0.07%	-1.67%	-0.79%	+4.03%
Healthcare	+0.21%	+4.68%	+7.18%	+12.62%
Info Tech	+0.53%	+1.11%	+5.88%	+32.39%
Industrials	-0.25%	+0.07%	+2.51%	+12.72%
Materials	-4.73%	-1.59%	+6.69%	-5.42%
Metals & Mining	-9.25%	-11.44%	-3.90%	-23.56%
Telecom	+0.96%	+2.39%	+3.88%	+10.24%
Utilities	-0.42%	+0.85%	+5.72%	+10.97%

TSX Top Performers

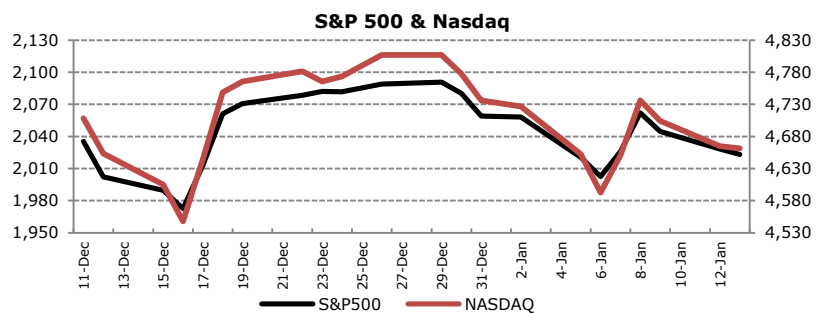
	1-day	5-day	1-mnth	12-mnths
<i>Ranked by 1-day</i>				
Corus Entertainment Inc-B	+7.46%	+0.21%	+0.30%	-4.27%
Onex Corporation	+5.97%	+6.74%	+9.17%	+19.56%
Meg Energy Corp	+5.74%	-0.06%	+13.28%	-48.19%
Descartes Systems Grp/The	+4.73%	+7.29%	+6.86%	+27.27%
Pengrowth Energy Corp	+4.53%	+2.06%	+10.68%	-42.77%

TSX Worst Performers

	1-day	5-day	1-mnth	12-mnths
<i>Ranked by 1-day</i>				
Capstone Mining Corp	-17.10%	-21.18%	-10.61%	-48.05%
First Quantum Minerals Lt	-14.85%	-17.21%	-17.97%	-27.33%
Yamana Gold Inc	-13.73%	-7.37%	+8.11%	-50.73%
Hudbay Minerals Inc	-11.81%	-8.82%	-1.22%	+1.58%
Legacy Oil + Gas Inc	-10.42%	-24.56%	-29.51%	-78.21%

US Indices

	S&P 500	DJIA	Nasdaq
<i>Trailing</i>			
13-Jan	2,023.03	17,613.68	4,661.50
1-day	-0.26%	-0.15%	-0.07%
5-day	+1.02%	+1.39%	+1.50%
1-month	+1.03%	+1.93%	+0.17%
3-months	+6.13%	+6.47%	+9.01%
6-months	+2.82%	+3.95%	+5.57%
12-months	+11.20%	+8.34%	+13.33%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.12%	+1.26%	+1.08%	+8.31%
C. Staples	-0.01%	+2.09%	+2.61%	+16.13%
Energy	-0.73%	-1.83%	+0.75%	-12.97%
Financials	-0.34%	+0.02%	-0.79%	+9.84%
Healthcare	-0.49%	+2.62%	+1.99%	+24.04%
Info Tech	-0.06%	+1.42%	+0.43%	+18.68%
Industrials	-0.19%	+0.63%	+0.48%	+6.20%
Materials	-1.16%	+1.37%	+2.50%	+5.43%
Telecom	+0.12%	+0.19%	+3.61%	+2.75%
Utilities	+0.32%	+1.08%	+4.04%	+25.23%

DJIA Top Performers

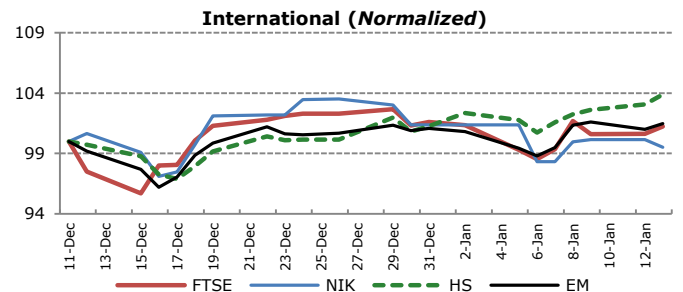
	1-day	5-day	1-mnth	12-mnths
<i>Ranked by 1-day</i>				
Walt Disney Co/The	+0.77%	+3.59%	+4.04%	+31.57%
Unitedhealth Group Inc	+0.51%	+4.20%	+4.36%	+41.69%
Procter & Gamble Co/The	+0.42%	+0.78%	+0.84%	+16.42%

DJIA Worst Performers

	1-day	5-day	1-mnth	12-mnths
<i>Ranked by 1-day</i>				
Du Pont (E.I.) De Nemours	-1.71%	+3.17%	+5.47%	+19.98%
Chevron Corp	-1.59%	-3.55%	+1.78%	-9.50%
Pfizer Inc	-1.01%	+3.25%	+4.81%	+9.96%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
<i>Trailing</i>				
Last Close	6,542.20	17,087.71	24,215.97	959.89
1-day	+0.63%	-0.64%	+0.79%	+0.46%
5-day	+2.76%	-1.84%	+3.11%	+2.69%
1-month	+3.83%	-1.63%	+4.16%	+2.29%
3-months	+2.76%	+11.68%	+4.63%	-3.03%
6-months	-2.21%	+12.69%	+4.23%	-9.33%
12-months	-3.18%	+7.39%	+5.80%	-1.79%



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Nymex WTI Crude Oil

(\$US/Bbl)	13-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$45.89	-\$0.18	-0.39%	-4.26%	-23.45%
Cal 15	\$49.65	-\$0.26	-0.51%	-3.49%	-26.15%
Cal 16	\$57.05	-\$0.03	-0.06%	-2.26%	-18.23%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$65.00	\$69.00	\$74.00	\$75.00	\$79.00
Current Forward	\$48.05	\$50.45	\$52.75	\$54.64	\$57.05

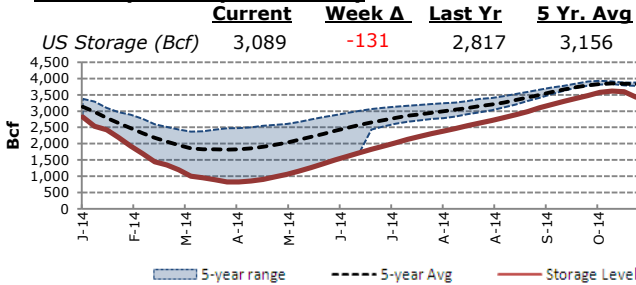
Inventory Levels (as of Jan-02)

(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

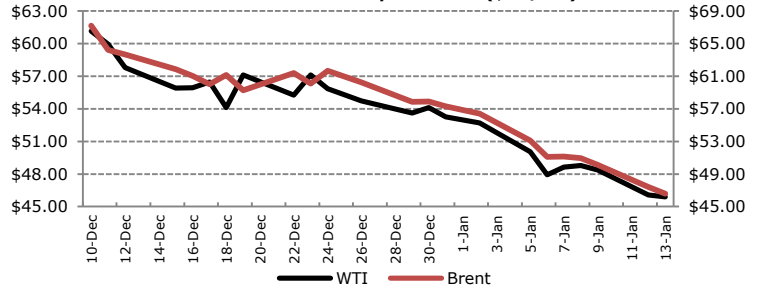
Nymex Natural Gas

(\$US/MMbtu)	13-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.94	+\$0.15	+5.30%	+0.17%	-19.01%
Feb15-Mar15	\$2.93	+\$0.12	+4.32%	+0.67%	-24.52%
Apr15-Oct15	\$2.98	+\$0.10	+3.60%	+0.93%	-21.46%
Nov15-Mar16	\$3.34	+\$0.07	+2.15%	-0.32%	-14.97%
Apr16-Oct16	\$3.34	+\$0.07	+2.12%	+0.89%	-14.28%

Inventory Levels (as of Jan-02)



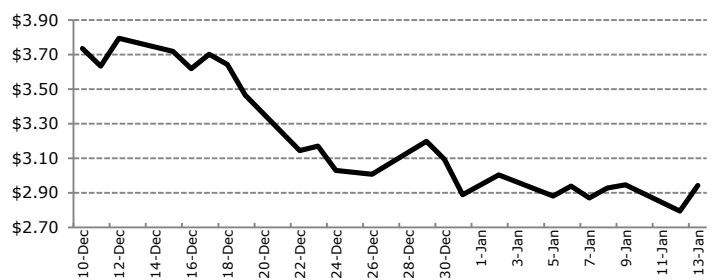
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	13-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$46.59	-\$0.84	-1.80%	-8.83%	-27.48%

Nat Gas Prompt (\$US/MMbtu)



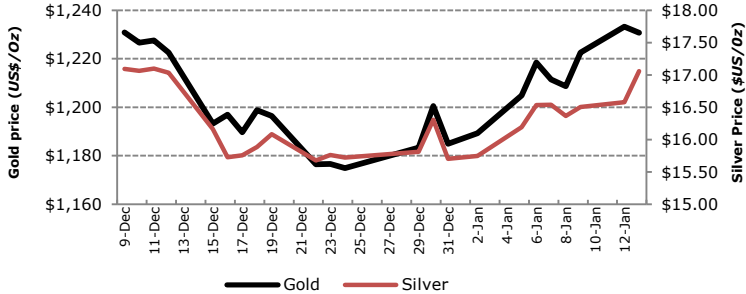
Alberta Natural Gas

(\$CAD/GJ)	13-Jan	day Δ	%Δ
AECO Feb-15	\$2.66	+\$0.17	+6.8%

Precious Metals

\$US/oz	13-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,230.75	-\$2.51	-0.2%	+1.0%	+0.7%	-1.3%
Silver	\$17.06	+\$0.48	+2.9%	+3.2%	+0.2%	-2.2%
Platinum	\$1,240	-\$2.00	-0.2%	+1.5%	+0.7%	-2.1%

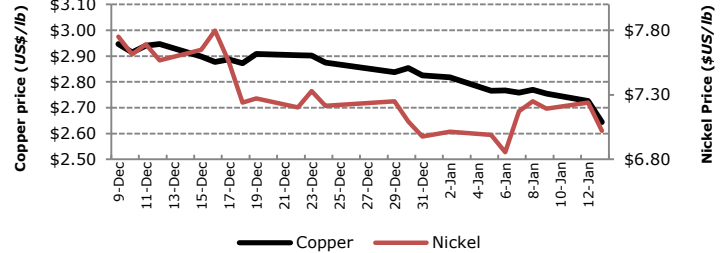
Gold and Silver



Industrial Metals

\$US/lb	13-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.64	-\$0.08	-3.0%	-4.4%	-10.3%	-11.5%
Nickel	\$7.02	-\$0.22	-3.0%	+2.5%	-7.2%	-3.6%
Zinc	\$1.05	-\$0.01	-0.9%	-1.5%	-1.3%	-4.8%
Aluminum	\$0.87	-\$0.01	-1.1%	-1.1%	-7.4%	-7.4%
Uranium	\$35.65	+\$0.20	+0.6%	+1.3%	-4.3%	-0.3%

Copper and Nickel



Agriculture & Other

	13-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.86	-\$0.16	-4.0%	-4.8%	-5.6%
Wheat (\$US/bu)	\$5.48	-\$0.07	-1.4%	-7.4%	-11.5%
Soybeans (\$US/bu)	\$10.04	-\$0.12	-1.2%	-4.9%	-4.0%
Rough Rice (\$US/cwt)	\$11.45	-\$0.02	-0.1%	-1.4%	-9.8%
Sugar #11 (¢US/lb)	¢14.87	+¢0.11	+0.7%	+0.0%	-0.6%
Lean Hogs (¢US/lb)	¢76.50	-¢1.20	-1.5%	-6.0%	-9.8%
Live Cattle (¢US/lb)	¢156.40	-¢2.95	-1.9%	-5.2%	-2.9%
Cotton No.2 (\$US/lb)	\$0.60	+\$0.00	+0.7%	-0.1%	-0.8%
Lumber (\$US/Mbft)	\$315.20	-\$1.60	-0.5%	-0.7%	-6.1%

Commodity ETFs

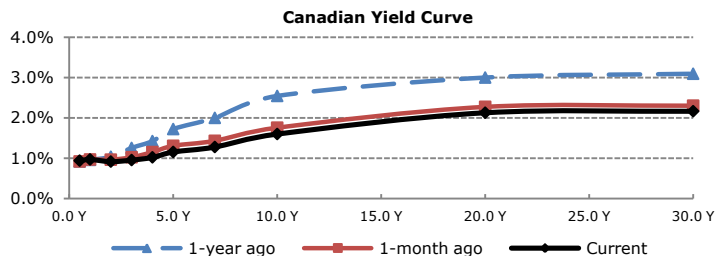
	13-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$2.09	+\$0.05	+2.5%	-5.9%	-44.3%
HBP Nat Gas U	\$5.08	+\$0.41	+8.8%	-1.4%	-40.2%
iShares Gold ETF	\$10.92	-\$0.06	-0.5%	+0.7%	+0.2%
\$USD					
US Crude Oil	\$17.62	+\$0.21	+1.2%	-2.38%	-16.3%
US Nat Gas	\$14.94	+\$0.76	+5.4%	0.07%	-21.5%
PSDB Agriculture	\$24.42	-\$0.24	-1.0%	-2.75%	-3.4%
PSDB Base Metals	\$14.93	-\$0.54	-3.5%	-4.23%	-8.0%

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Interest Rates

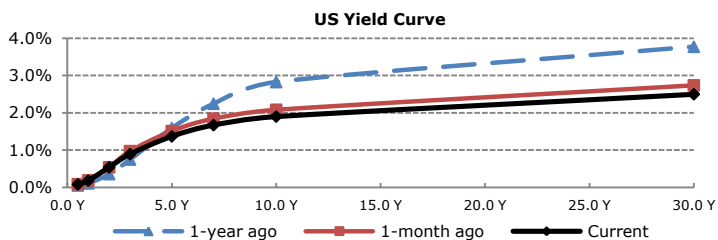
Canadian yield curve

	13-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%	0.90%	0.92%
12-mnth	0.97%	-0.00%	0.97%	0.93%	0.96%
2-year	0.92%	-0.00%	0.96%	0.92%	1.04%
5-year	1.16%	-0.01%	1.31%	1.38%	1.72%
10-year	1.60%	-0.01%	1.76%	1.92%	2.54%
20-year	2.13%	-0.00%	2.27%	2.43%	3.00%
30-year	2.17%	-0.01%	2.30%	2.47%	3.09%

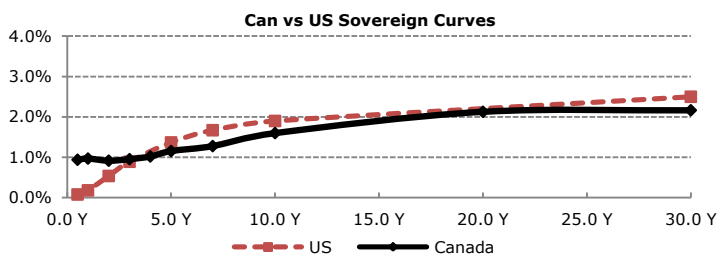
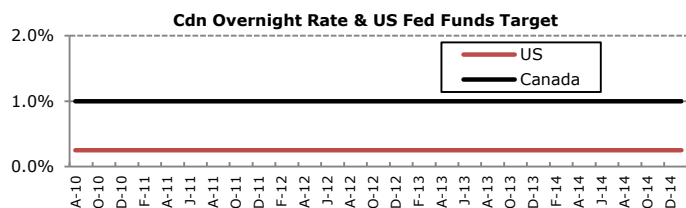


US yield curve

	13-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.03%	+0.01%	0.02%	0.02%	0.03%
6-mnth	0.08%	-	0.09%	0.04%	0.05%
12-mnth	0.18%	-	0.19%	0.07%	0.11%
2-year	0.54%	-0.01%	0.54%	0.31%	0.36%
5-year	1.37%	-0.01%	1.51%	1.34%	1.59%
10-year	1.90%	-0.01%	2.08%	2.14%	2.83%
30-year	2.50%	+0.00%	2.74%	2.92%	3.77%



	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	13-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.196	-0.002		1.148	1.119	1.086
EURUSD	\$1.177	-0.006		1.245	1.269	1.367
USDJPY	¥117.93	-0.420		117.82	107.84	103.00
GBPUSD	\$1.516	-0.001		1.572	1.612	1.638
AUDUSD	\$0.817	+0.001		0.832	0.878	0.905

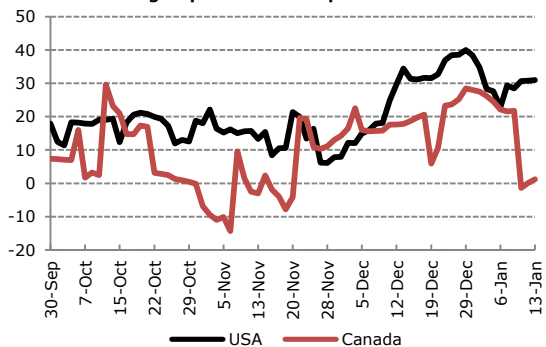
	Spot	13-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥98.61	-0.226		102.61	96.40	94.82
CADAUD	\$1.024	+0.000		1.047	1.018	1.017
GBPUSD	£1.813	-0.004		1.805	1.803	1.780
EURJPY	¥138.83	-1.220		146.66	136.85	140.81
EURAUD	\$1.44	-0.009		1.50	1.45	1.51

Economic Releases

United States

		Period	Survey	Actual	Prior
Wed, Jan 14	Advance Retail Sales		-0.1%	--	-0.7%
Thu, Jan 15	Continuing Claims		2400K	--	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%

Citigroup Economic Surprise Index

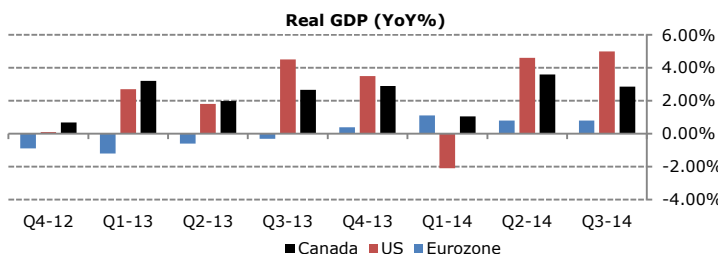


Canada

	Period	Survey	Actual	Prior
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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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