

Today's Commentary

North American markets continued a string of losses yesterday, despite crude oil posting the highest single day rally in more than two and a half years. The S&P 500 dipped -11.76 (0.58%) to 2,011.27 while the Dow also slumped -186.59 (1.06%) to 17,427.09 in response to disappointing US retail sales and a poor earnings report from banking giant JPMorgan. In Canada, the TSX lost -102.73 (0.72%), as mining companies sold off for a second day on the back of falling copper prices due to recent downgrades in global growth by the World Bank. Copper has fallen 12% this month and the TSX base metals sector has declined almost 9% for the last two consecutive days. Crude gained upwards of 6% yesterday on speculation of overselling in the commodity. The US 10s fell 4.5bps while the Canadian 10s declined 2.4bps.

In an attempt to combat Russia's worst currency crisis in over 16 years, Russia is planning to use its \$88 billion Reserve Fund to buy rubles. The Russian Finance Minister Anton Siluanov said, "We'll get rubles and place them in deposits for banks, giving liquidity to the economy". Unfortunately, this decision may increase the likelihood of Russian debt being downgraded to junk from BBB-. The Bank of Russia has also replaced the head of monetary policy after several failed attempts to combat the ruble crisis. Dmitry Tulin, a former central bank official, will be taking over. The Ruble strengthened 0.13% to 54.5639 per USD.

US retail sales for December released yesterday reportedly declined by 0.9% following a smaller than expected rise of 0.4% in November. The decline in December sales was recorded in 9 of the 13 major retail categories, and has led some economists to cut their future US growth outlook. It also has investors expecting a delay of a Fed rate hike, and lowered expectations for inflation. The unadjusted readings indicated a 14.2% gain in sales for December, but seasonality effects are taken into account to adjust for large holiday expenditure. The seasonal adjustment for December 2014 was the most severe in the last three years and has some economists claiming the adjusted retail sales decline is half of what has been reported. US consumers are still showing confidence however, as the annualized retail sales rate grew by over 4%. Job markets also appear strong with a recent reported rise in payrolls, and a decline in commodity prices increasing disposable income.

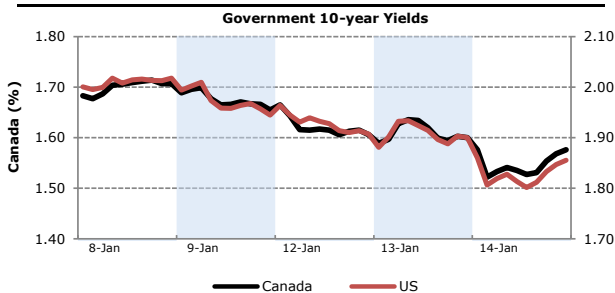
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

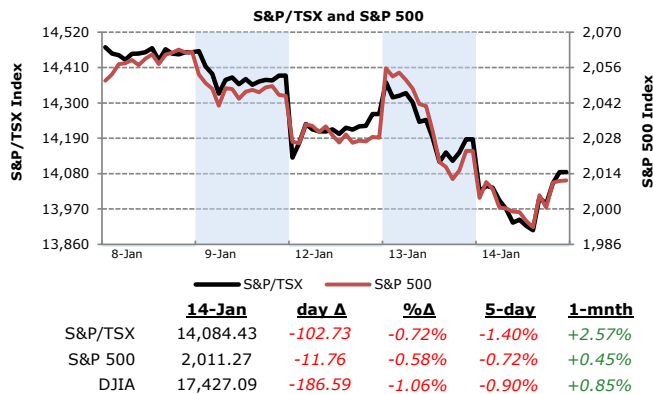
United States	Period	Survey	Actual	Prior
Continuing Claims	3-Jan	2400K	--	2452K
Initial Jobless Claims	10-Jan	290K	--	294K
Industrial Production	31-Dec	-0.1K	--	1.3K

Canada	Period	Survey	Actual	Prior
None Scheduled				

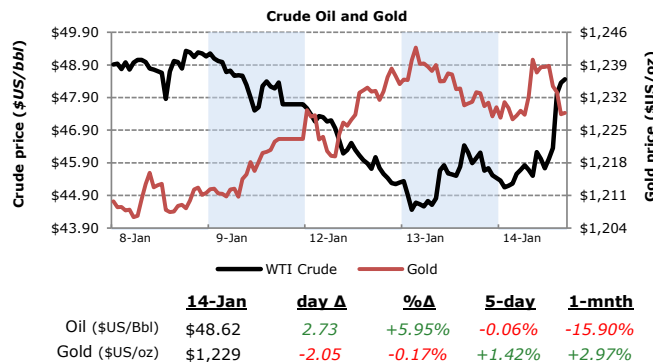
Interest Rates



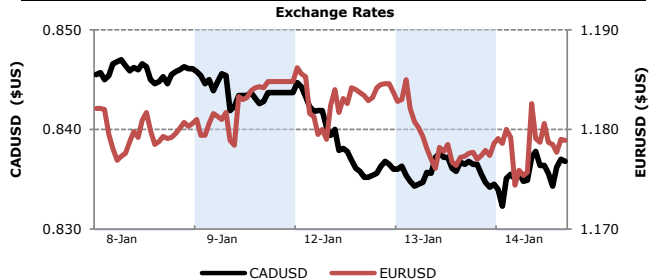
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	14-Jan	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.195		-0.001	1.182	1.152	1.095
EURUSD	\$1.179		+0.002	1.184	1.241	1.368
USDJPY	¥117.33		-0.600	119.260	118.65	104.22

Government 10-year Yields

	14-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.58%	-0.024%	1.79%	1.93%	2.59%
United States	1.86%	-0.045%	2.12%	2.16%	2.87%

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.

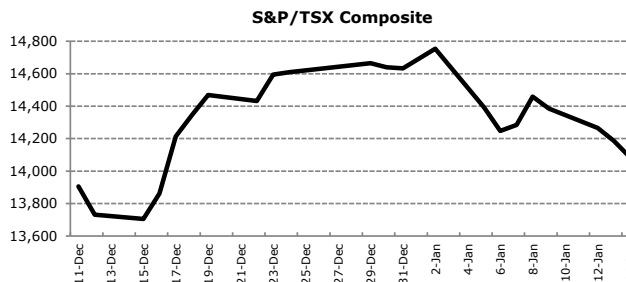
<http://www.rotmanfinanceassociation.com>

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	14-Jan	day Δ	%Δ
S&P/TSX	14,084.43	-102.73	-0.72%
Trailing	S&P/TSX		TSX 60
5-day	-1.40%		-1.39%
1-month	+2.57%		+2.33%
3-months	+0.34%		+1.21%
6-months	-7.16%		-5.74%
12-months	+2.86%		+4.27%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-2.72%	-2.09%	+1.34%	+21.92%
C. Staples	-1.26%	-1.68%	+3.33%	+38.87%
Energy	+2.28%	-0.26%	+5.56%	-24.32%
Financials	-1.80%	-3.67%	-2.58%	+2.54%
Healthcare	-1.11%	+2.69%	+5.99%	+9.89%
Info Tech	+2.73%	+3.10%	+8.77%	+35.36%
Industrials	-0.38%	-0.29%	+2.12%	+12.35%
Materials	-2.40%	-3.51%	+4.13%	-7.90%
Metals & Mining	-8.76%	-18.40%	-12.32%	-31.29%
Telecom	-0.38%	+0.74%	+3.49%	+9.20%
Utilities	+0.47%	+0.73%	+6.22%	+11.71%

TSX Top Performers

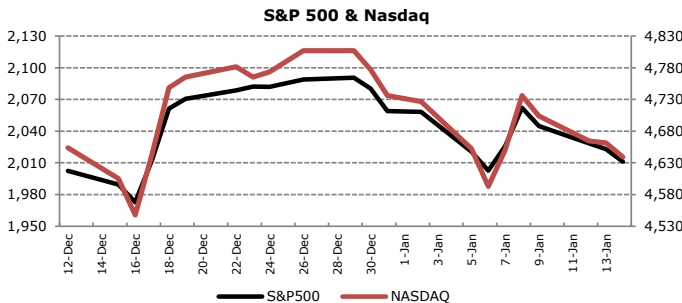
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Blackberry Ltd	+29.48%	+19.11%	+32.10%	+65.05%
Surge Energy Inc	+15.38%	-6.86%	-17.63%	-55.54%
Lightstream Resources Ltd	+13.68%	+6.93%	-19.40%	-81.44%
Painted Pony Petroleum	+12.23%	-0.84%	-13.42%	+21.47%
Trilogy Energy Corp	+10.56%	+10.23%	-1.82%	-71.59%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Capstone Mining Corp	-19.38%	-35.82%	-27.93%	-57.43%
First Quantum Minerals Lt	-13.14%	-27.46%	-28.75%	-37.16%
Hudbay Minerals Inc	-11.70%	-19.40%	-12.78%	-11.10%
#N/A	#N/A	#N/A	#N/A	#N/A
Lundin Mining Corp	-10.68%	-23.58%	-18.36%	-11.25%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
14-Jan	2,011.27	17,427.09	4,639.32
1-day	-0.58%	-1.06%	-0.48%
5-day	-0.72%	-0.90%	-0.24%
1-month	+0.45%	+0.85%	-0.31%
3-months	+7.11%	+6.82%	+9.75%
6-months	+1.73%	+2.18%	+4.48%
12-months	+9.37%	+6.43%	+10.91%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-1.15%	-1.41%	-0.08%	+6.25%
C. Staples	-0.26%	+0.07%	+2.34%	+15.19%
Energy	+0.13%	-2.04%	+0.88%	-13.80%
Financials	-1.42%	-2.47%	-2.19%	+7.44%
Healthcare	-0.10%	+0.24%	+1.89%	+22.36%
Info Tech	-0.53%	+0.01%	-0.11%	+15.84%
Industrials	-0.57%	-0.55%	-0.09%	+4.52%
Materials	-1.19%	-0.83%	+1.28%	+2.74%
Telecom	-0.42%	+1.13%	+3.18%	+1.90%
Utilities	+0.95%	+1.05%	+5.03%	+26.30%

DJIA Top Performers

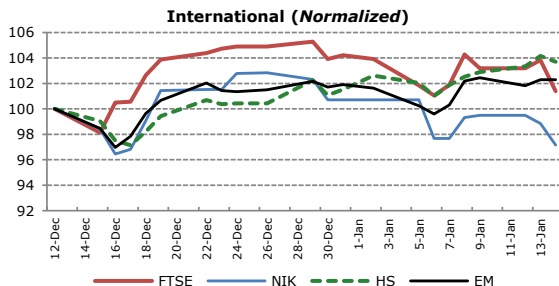
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Merck & Co. Inc.	+0.72%	+1.67%	+8.52%	+18.19%
Unitedhealth Group Inc	+0.25%	+3.40%	+4.63%	+39.60%
Pfizer Inc	+0.12%	+1.98%	+4.94%	+4.77%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Jpmorgan Chase & Co	-3.45%	-3.83%	-5.38%	-1.61%
Wal-Mart Stores Inc	-3.02%	-2.25%	+3.34%	+11.10%
Goldman Sachs Group Inc	-2.54%	-3.76%	-4.55%	+2.06%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hanq Seng	MSCI EM
Last Close	6,388.46	16,795.96	24,112.60	959.89
1-day	-2.35%	-1.71%	-0.43%	+0.00%
5-day	-0.49%	-0.52%	+1.82%	+1.99%
1-month	+1.39%	-3.31%	+3.71%	+0.00%
3-months	-0.07%	+12.45%	+4.62%	-5.41%
6-months	-5.30%	+9.80%	+3.28%	-11.78%
12-months	-5.59%	+8.91%	+5.80%	-3.78%



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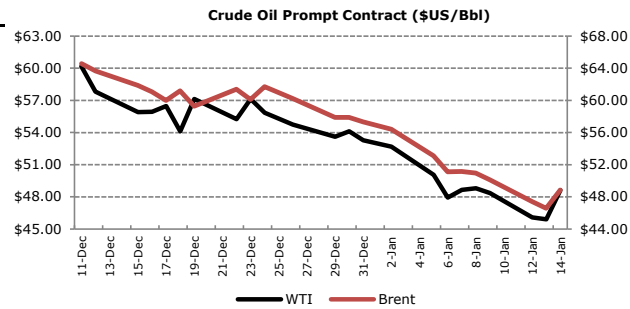
Nymex WTI Crude Oil

(\$US/Bbl)	14-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$48.62	+\$2.73	+5.95%	-0.06%	-15.90%
Cal 15	\$51.81	+\$2.15	+4.34%	-0.11%	-25.85%
Cal 16	\$58.32	+\$1.27	+2.23%	+0.13%	-19.09%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$61.00	\$67.00	\$73.00	\$74.40	\$78.00
Current Forward	\$50.47	\$52.45	\$54.45	\$56.13	\$58.32

Inventory Levels (as of Jan-09)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	387,782	+5,389	337,426	319,411
Motor Gas	240,334	+3,171	214,389	200,481
Distillates	139,851	+2,925	171,756	140,851



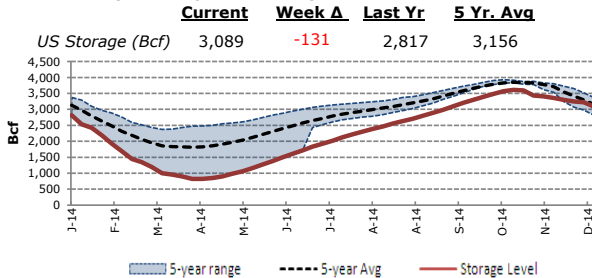
UK Brent Crude Oil

(\$US/Bbl)	14-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$48.84	+\$2.25	+4.61%	-4.52%	-23.30%

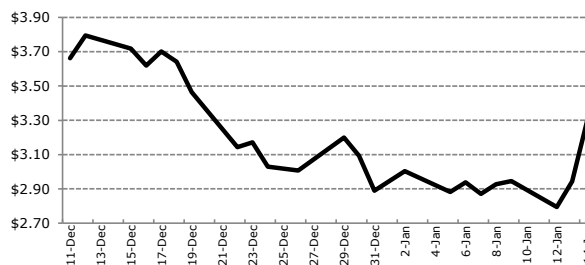
Nymex Natural Gas

(\$US/MMbtu)	14-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.30	+\$0.36	+12.10%	+14.91%	-13.07%
Feb15-Mar15	\$3.21	+\$0.28	+9.70%	+12.30%	-17.48%
Apr15-Oct15	\$3.19	+\$0.21	+7.11%	+9.64%	-16.36%
Nov15-Mar16	\$3.50	+\$0.16	+4.67%	+5.85%	-11.50%
Apr16-Oct16	\$3.41	+\$0.07	+2.05%	+3.88%	-13.01%

Inventory Levels (as of Jan-02)



Nat Gas Prompt (\$US/MMbtu)

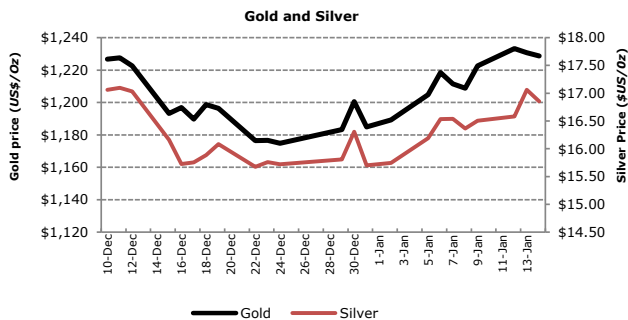


Alberta Natural Gas

(\$CAD/GJ)	14-Jan	day Δ	%Δ
AECO Feb-15	\$3.02	+\$0.36	+13.3%

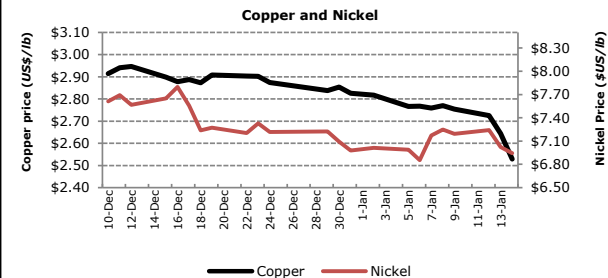
Precious Metals

\$US/oz	14-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,228.70	-\$2.05	-0.2%	+1.4%	+3.0%	-1.6%
Silver	\$16.85	-\$0.21	-1.2%	+1.9%	+4.3%	-3.8%
Platinum	\$1,232	-\$7.75	-0.6%	+1.1%	+1.9%	-3.7%



Industrial Metals

\$US/lb	14-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.53	-\$0.12	-4.3%	-8.3%	-12.7%	-16.5%
Nickel	\$6.94	-\$0.08	-1.1%	-3.2%	-9.2%	-3.5%
Zinc	\$1.03	-\$0.02	-2.0%	-4.1%	-4.2%	-6.5%
Aluminum	\$0.86	-\$0.01	-1.1%	-1.1%	-7.5%	-9.5%
Uranium	\$35.65	+\$0.00	0.0%	+1.1%	-4.3%	-0.3%



Agriculture & Other

	14-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.81	-\$0.05	-1.2%	-3.8%	-6.2%
Wheat (\$US/bu)	\$5.38	-\$0.10	-1.9%	-7.2%	-13.7%
Soybeans (\$US/bu)	\$10.09	+\$0.05	+0.5%	-4.4%	-2.1%
Rough Rice (\$US/cwt)	\$11.15	-\$0.30	-2.6%	-4.3%	-9.5%
Sugar #11 (¢US/lb)	¢14.93	¢0.06	+0.4%	+1.0%	+1.5%
Lean Hogs (¢US/lb)	¢78.00	¢1.50	+2.0%	-4.7%	-6.5%
Live Cattle (¢US/lb)	¢154.33	¢2.08	-1.3%	-6.3%	-2.4%
Cotton No.2 (\$US/lb)	\$0.59	-\$0.01	-1.9%	-2.4%	-1.3%
Lumber (\$US/Mbft)	\$315.00	-\$0.20	-0.1%	-2.4%	-5.2%

Commodity ETFs

\$CAD	14-Jan	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$2.25	+\$0.16	+7.7%	-2.2%	-36.8%
HBP Nat Gas U	\$6.01	+\$0.93	+18.3%	+21.9%	-27.8%
iShares Gold ETF	\$10.94	+\$0.02	+0.2%	+1.5%	+0.6%

\$USD	14-Jan	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$18.27	+\$0.65	+3.7%	-0.54%	-14.2%
US Nat Gas	\$16.68	+\$1.74	+11.6%	14.40%	-10.0%
PSDB Agriculture	\$24.36	-\$0.06	-0.2%	-2.52%	-2.9%
PSDB Base Metals	\$14.75	-\$0.18	-1.2%	-5.06%	-8.3%

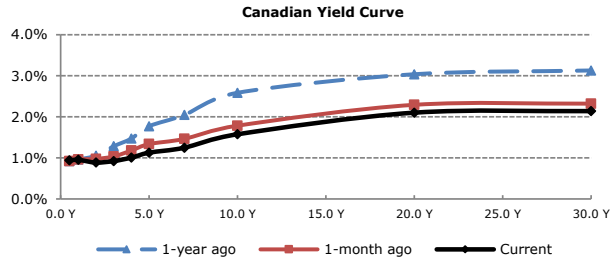
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Interest Rates

Canadian yield curve

Historical Levels

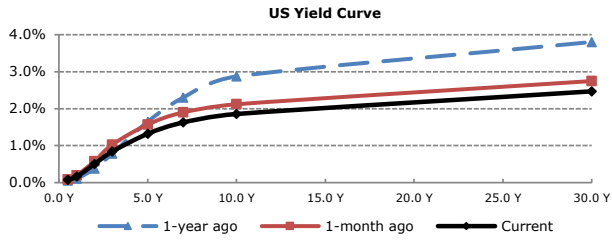
	14-Jan	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.89%	0.86%	0.89%
6-mnth	0.94%	-	0.92%	0.91%	0.92%
12-mnth	0.95%	-0.02%	0.96%	0.96%	0.96%
2-year	0.89%	-0.03%	0.98%	0.93%	1.06%
5-year	1.13%	-0.03%	1.34%	1.39%	1.77%
10-year	1.58%	-0.02%	1.79%	1.93%	2.59%
20-year	2.10%	-0.03%	2.29%	2.46%	3.04%
30-year	2.14%	-0.02%	2.32%	2.49%	3.13%



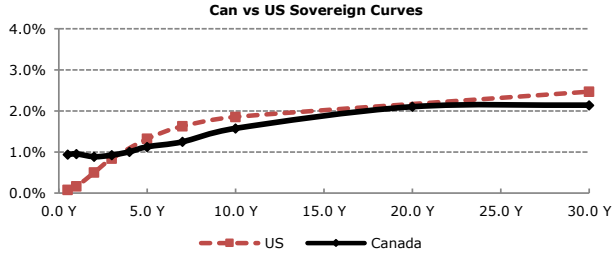
US yield curve

Historical Levels

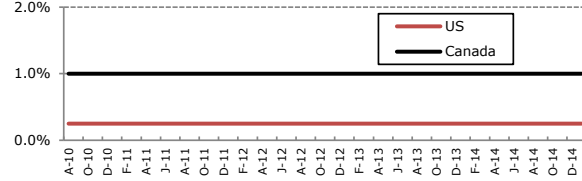
	14-Jan	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.03%	-	0.01%	0.03%	0.03%
6-mnth	0.08%	-0.01%	0.08%	0.04%	0.06%
12-mnth	0.16%	-0.02%	0.19%	0.10%	0.11%
2-year	0.50%	-0.04%	0.58%	0.34%	0.38%
5-year	1.32%	-0.05%	1.57%	1.38%	1.65%
10-year	1.86%	-0.04%	2.12%	2.16%	2.87%
30-year	2.47%	-0.03%	2.75%	2.94%	3.80%



	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%



Cdn Overnight Rate & US Fed Funds Target



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Historical Levels

Spot	14-Jan	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.195	-0.001	1.152	1.120	1.095
EURUSD	\$1.179	+0.002	1.241	1.263	1.368
USDJPY	¥117.33	-0.600	118.65	107.66	104.22
GBPUSD	\$1.523	+0.007	1.573	1.608	1.644
AUDUSD	\$0.815	-0.002	0.827	0.869	0.897

Historical Levels

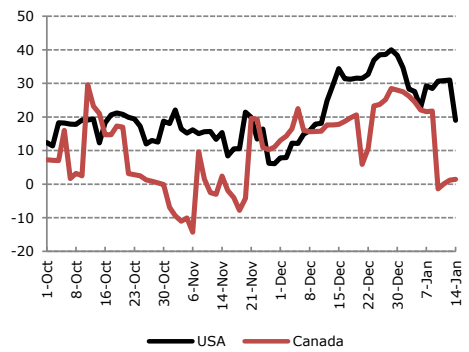
Spot	14-Jan	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥98.17	-0.433	102.98	96.13	95.21
CADAUD	\$1.027	+0.003	1.049	1.028	1.019
GBPCAD	£1.821	+0.008	1.813	1.800	1.800
EURJPY	¥138.32	-0.510	147.27	135.96	142.56
EURAUD	\$1.45	+0.005	1.50	1.45	1.53

Economic Releases

United States

	Period	Survey	Actual	Prior
Wed, Jan 14	Advance Retail Sales	31-Dec	-0.1%	-0.9%
Thu, Jan 15	Continuing Claims	3-Jan	2400K	--
Thu, Jan 15	Initial Jobless Claims	10-Jan	290K	--
Fri, Jan 16	Industrial Production	31-Dec	-0.1K	--
Fri, Jan 16	Consumer Price Index (MoM)	31-Dec	-0.4%	-0.3%

Citigroup Economic Surprise Index



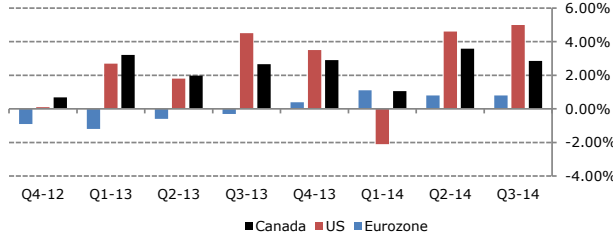
Canada

Period Survey Actual Prior

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%

Real GDP (YoY%)



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