

Today's Commentary

A choppy day for markets as an unexpected move by the Swiss central bank to allow the franc to float, and a large number of reports this week on bank earnings had markets falling in Europe and North America. The S&P 500 dropped 18.60 points (0.92%) to 1,992.67, its first time below 2,000 since mid-December, as the Dow also fell 106.38 (-0.61) to 17,320; both recorded their fifth straight day of losses. The TSX was also trimmed 41.61 (0.30%) as it ended the day at 14,041.82 with six of its ten major sectors in the red. The newly floating franc and a 4.60% drop in the price of oil to \$46.25 benefited bullion as gold rose 2.77% to 1,263 an ounce as investors sought safer investments. Bond markets also saw action on the choppy markets as US 10s lost 14bps to 1.71%, and Canadian 10s dropped 11bps to 1.46%.

The SNB (Swiss National Bank) sent shockwaves through financial markets yesterday, as the Central Bank, in a surprise move, decided to discontinue its use of an exchange rate cap of 1.20 CHF per euro. The Swiss franc (CHF) ended the day having soared 23% against the euro and 21% against the greenback. The SMI Swiss benchmark Index plunged 9% in response to the statement. The SNB justified the move in motivating that holding the cap, which has been in place for 3 years, would be both unsustainable and no longer necessary in today's environment where fears of overvaluation in the CHF have subsided. By maintaining the minimum exchange rate with the euro, the CHF has markedly depreciated against other global currencies, particularly the US dollar. The Bank also attempted to soften the impact on markets of the move by sending the target range for 3-month Libor further into negative territory, also helping to mitigate deflationary pressures in the nation.

Joe Oliver, Canada's Finance Minister stated the government plans a "balanced budget" for 2015-16, though he will not present it before the fiscal year begins in April. An anticipated downward revision from the \$1.6B CAD surplus given in November comes as the dropping price in oil, which is Canada's largest export, is having adverse effects on the federal government's budget. TD Bank forecasts the Canadian budget won't be balanced until 2017-18. While the decline in crude is making accurate projections for fiscal policy difficult, Oliver stated, "The decline in oil prices will not prevent our government from achieving a budgetary balance in 2015". He also reiterated that the federal government will continue to seek new markets for Canada's crude, as rising US production has reduced American imports of Canadian oil.

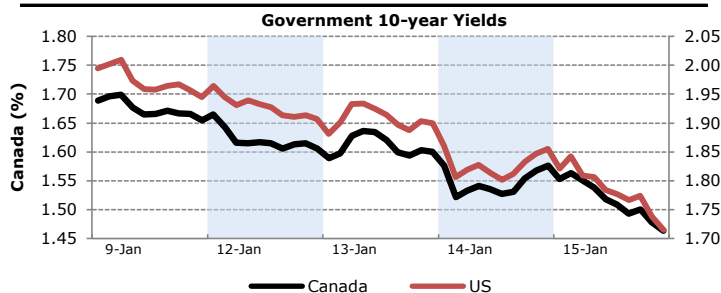
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glocheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Industrial Production		-0.1K	--	1.3K
Consumer Price Index (MoM)		-0.4%	--	-0.3%

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/>

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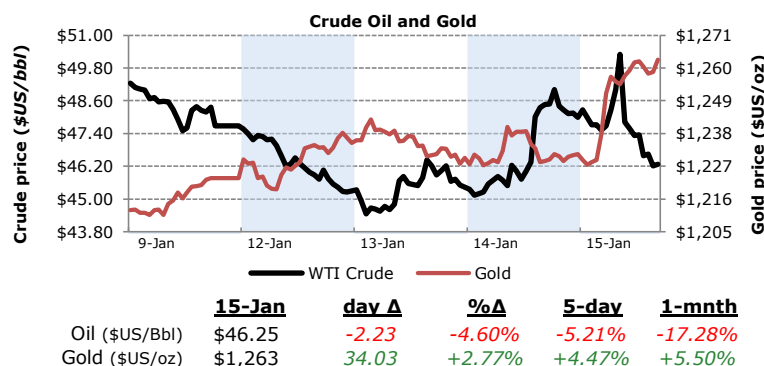


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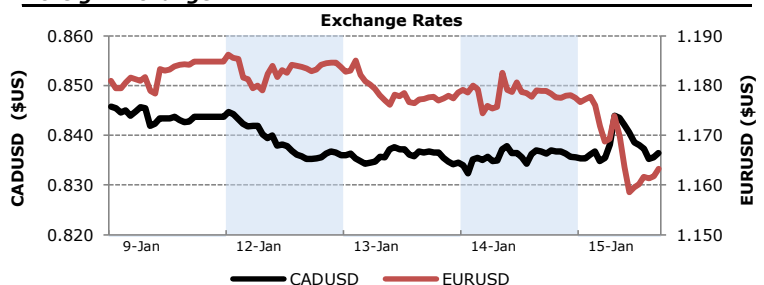
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	15-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.196	+0.001	1.183	1.158	1.093
EURUSD	\$1.163	-0.016	1.179	1.246	1.361
USDJPY	¥116.17	-1.160	119.660	118.75	104.56

Government 10-year Yields

	15-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.46%	-0.113%	1.75%	1.95%	2.58%
United States	1.71%	-0.140%	2.06%	2.19%	2.89%

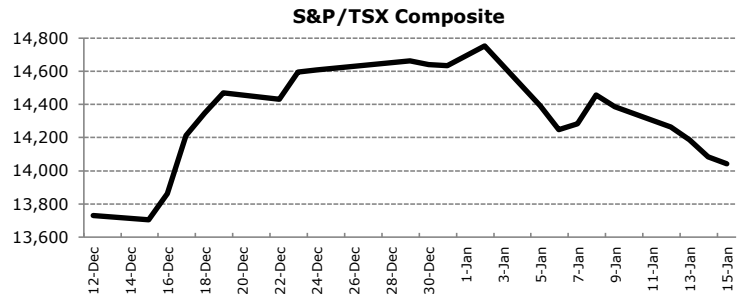
Rotman Finance Association



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>

	15-Jan	day Δ	%Δ
S&P/TSX	14,041.82	-42.61	-0.30%
Trailing S&P/TSX			
5-day		-2.88%	-3.19%
1-month		+2.46%	+2.12%
3-months		+1.24%	+2.08%
6-months		-6.89%	-5.68%
12-months		+1.95%	+3.27%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.71%	-4.24%	-0.54%	+20.69%
C. Staples	+0.79%	-1.07%	+2.75%	+38.69%
Energy	-1.15%	-2.98%	+5.97%	-25.48%
Financials	-0.89%	-5.05%	-3.72%	+1.06%
Healthcare	-0.06%	-1.48%	+5.91%	+10.21%
Info Tech	-2.78%	-1.26%	+5.72%	+29.68%
Industrials	-1.42%	-3.45%	-0.05%	+9.54%
Materials	+3.65%	-0.16%	+11.58%	-6.15%
Metals & Mining	+0.29%	-20.30%	-10.81%	-33.56%
Telecom	+0.08%	+0.32%	+3.14%	+9.44%
Utilities	+1.20%	+1.30%	+7.50%	+13.03%

TSX Top Performers

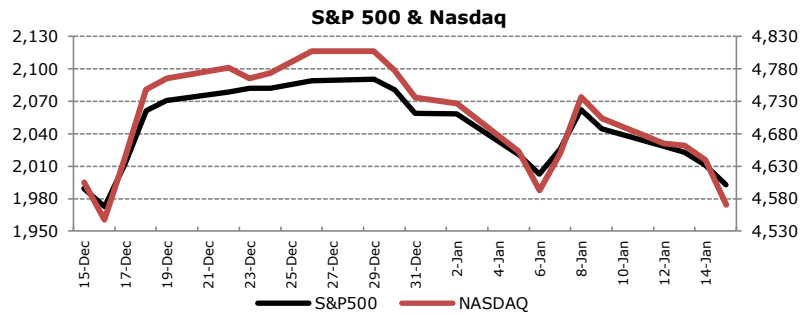
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Goldcorp Inc		+10.94%	+16.57%	+34.01%	+14.77%
Kinross Gold Corp		+10.79%	+9.64%	+33.65%	-14.95%
Barrick Gold Corp		+9.75%	+6.49%	+11.55%	-30.31%
China Gold International		+8.16%	+6.00%	+1.44%	-29.80%
New Gold Inc		+8.00%	-4.47%	+13.25%	-17.52%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Bombardier Inc-B		-25.85%	-25.67%	-22.67%	-30.24%
Blackberry Ltd		-19.57%	-4.05%	+9.82%	+29.06%
Painted Pony Petroleum		-9.81%	-9.48%	-24.97%	+7.97%
Legacy Oil + Gas Inc		-9.22%	-24.71%	-31.18%	-78.08%
Western Forest Products I		-7.79%	-17.28%	-5.06%	+4.71%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
15-Jan	1,992.67	17,320.71	4,570.82
1-day	-0.92%	-1.48%	-1.48%
5-day	-3.37%	-3.28%	-3.49%
1-month	+0.15%	+0.81%	-0.75%
3-months	+6.99%	+7.30%	+8.43%
6-months	+0.98%	+1.52%	+3.50%
12-months	+7.81%	+5.09%	+8.44%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.25%	-4.07%	-0.75%	+4.67%
C. Staples	+0.15%	-1.27%	+3.17%	+15.33%
Energy	-1.21%	-5.31%	+0.38%	-14.56%
Financials	-1.28%	-5.12%	-2.62%	+4.82%
Healthcare	-1.07%	-2.51%	+1.58%	+21.21%
Info Tech	-1.46%	-3.64%	-0.98%	+12.84%
Industrials	-0.57%	-3.05%	-0.42%	+3.21%
Materials	-0.13%	-3.25%	+1.71%	+1.95%
Telecom	-0.01%	-0.41%	+3.19%	+0.41%
Utilities	+0.71%	+1.05%	+6.73%	+27.48%

DJIA Top Performers

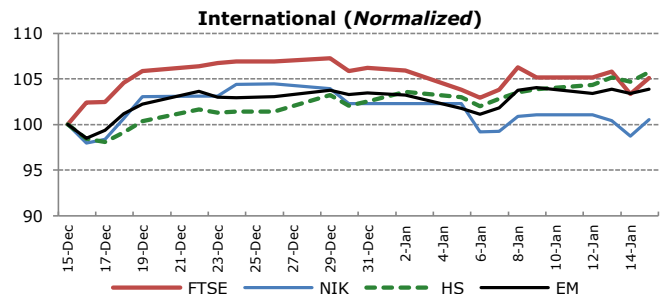
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Unitedhealth Group Inc		+1.09%	-0.23%	+6.30%	+41.87%
Wal-Mart Stores Inc		+0.89%	-3.42%	+4.10%	+15.33%
Travelers Cos Inc/The		+0.42%	-2.77%	+1.09%	+21.32%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Jpmorgan Chase & Co		-3.20%	-8.94%	-6.45%	-5.09%
Cisco Systems Inc		-1.83%	-0.36%	+3.44%	+24.06%
Home Depot Inc		-1.59%	-5.35%	+0.96%	+27.29%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,498.78	17,108.70	24,350.91	959.97
1-day	+1.73%	+1.86%	+0.99%	+0.44%
5-day	-1.08%	+1.32%	+2.16%	+0.12%
1-month	+5.11%	+0.05%	+5.75%	+3.89%
3-months	+4.62%	+13.50%	+5.23%	-2.30%
6-months	-3.15%	+11.13%	+3.80%	-9.98%
12-months	-4.71%	+8.22%	+6.33%	-1.83%



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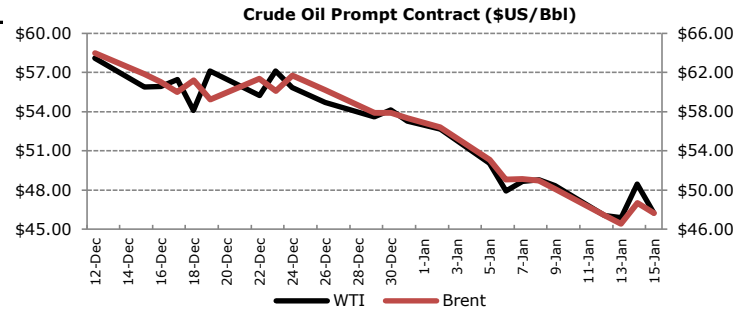
Nymex WTI Crude Oil

(\$US/Bbl)	15-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$46.25	-\$2.23	-4.60%	-5.21%	-17.28%
Cal 15	\$49.76	-\$2.00	-3.86%	-4.43%	-26.81%
Cal 16	\$56.51	-\$1.84	-3.15%	-3.15%	-19.97%

(\$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	\$48.29	\$50.57	\$52.62	\$54.29	\$56.51

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

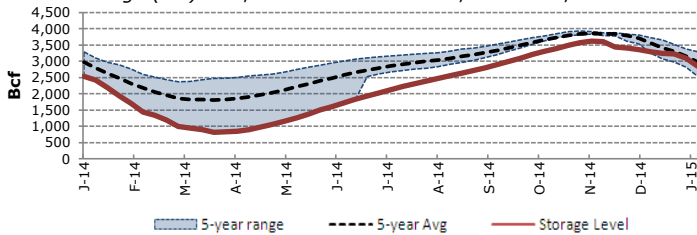
(\$US/Bbl)	15-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$47.67	-\$1.02	-2.14%	-6.46%	-22.93%

Nymex Natural Gas

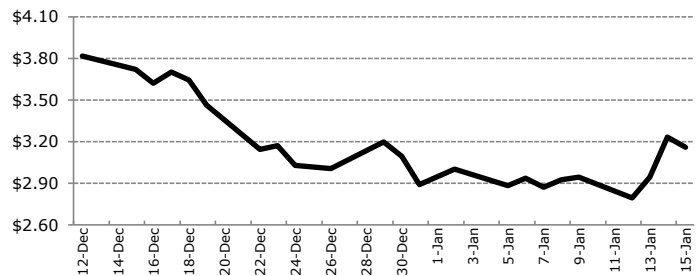
(\$US/MMbtu)	15-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.16	-\$0.08	-2.32%	+7.89%	-15.08%
Feb15-Mar15	\$3.09	-\$0.08	-2.52%	+5.59%	-19.70%
Apr15-Oct15	\$3.09	-\$0.08	-2.50%	+3.99%	-18.15%
Nov15-Mar16	\$3.42	-\$0.06	-1.78%	+2.19%	-12.71%
Apr16-Oct16	\$3.35	-\$0.06	-1.76%	+1.11%	-13.89%

Inventory Levels (as of Jan-09)

	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	2,853	-236	2,530	2,966



Nat Gas Prompt (\$US/MMbtu)

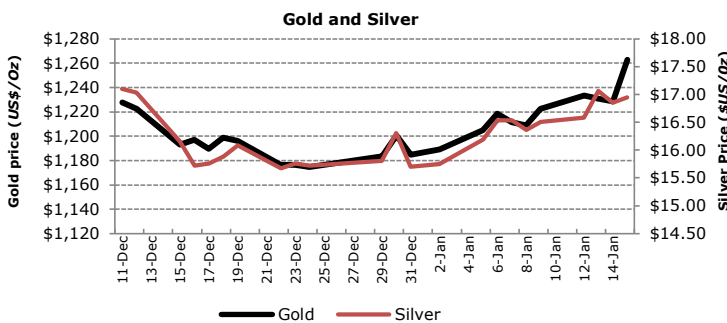


Alberta Natural Gas

(\$CAD/GJ)	15-Jan	day Δ	%Δ
AECO Feb-15	\$2.86	-\$0.16	-5.2%

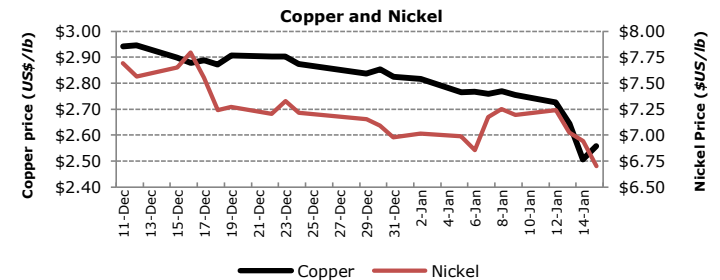
Precious Metals

\$US/oz	15-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,262.73	+\$34.03	+2.8%	+4.5%	+5.5%	+1.7%
Silver	\$16.95	+\$0.10	+0.6%	+3.6%	+7.8%	-1.2%
Platinum	\$1,260	+\$27.60	+2.2%	+3.4%	+5.2%	-0.2%



Industrial Metals

\$US/lb	15-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.56	+\$0.05	+2.1%	-7.6%	-11.1%	-15.2%
Nickel	\$6.70	-\$0.24	-3.5%	-7.6%	-14.0%	-6.3%
Zinc	\$1.00	-\$0.03	-2.7%	-5.7%	-7.4%	-7.7%
Aluminum	\$0.86	+\$0.00	0.0%	0.0%	-7.5%	-10.4%
Uranium	\$36.50	+\$0.75	+2.1%	+3.5%	-2.0%	+1.4%



Agriculture & Other

	15-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.80	-\$0.01	-0.3%	-3.6%	-6.9%
Wheat (\$US/bu)	\$5.33	-\$0.05	-0.9%	-6.0%	-17.8%
Soybeans (\$US/bu)	\$9.91	-\$0.18	-1.8%	-5.5%	-4.3%
Rough Rice (\$US/cwt)	\$11.33	+\$0.18	+1.6%	-1.7%	-8.1%
Sugar #11 (¢US/lb)	\$15.35	+¢0.42	+2.8%	+3.2%	+4.3%
Lean Hogs (¢US/lb)	¢78.35	+¢0.35	+0.4%	-2.0%	-4.3%
Live Cattle (¢US/lb)	¢152.80	-¢1.52	-1.0%	-5.9%	-1.8%
Cotton No.2 (\$US/lb)	\$0.59	+\$0.01	+0.9%	-1.8%	-1.9%
Lumber (\$US/Mbft)	\$314.50	-\$0.50	-0.2%	-1.8%	-5.9%

Commodity ETFs

\$CAD	15-Jan	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$2.05	-\$0.20	-8.9%	-12.0%	-38.4%
HBP Nat Gas U	\$5.78	-\$0.23	-3.8%	+12.2%	-34.1%
iShares Gold ETF	\$11.24	+\$0.30	+2.7%	+4.9%	+3.7%

\$USD	15-Jan	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$17.45	-\$0.82	-4.5%	-5.93%	-18.2%
US Nat Gas	\$16.12	-\$0.56	-3.4%	7.90%	-14.3%
PSDB Agriculture	\$24.24	-\$0.12	-0.5%	-2.65%	-3.3%
PSDB Base Metals	\$14.89	+\$0.14	+0.9%	-5.16%	-7.7%

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Interest Rates

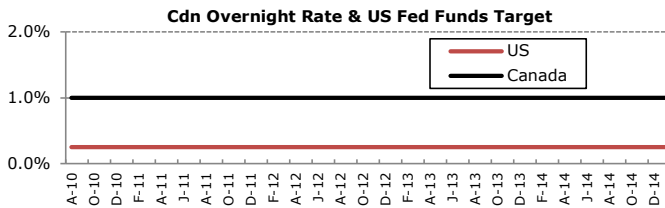
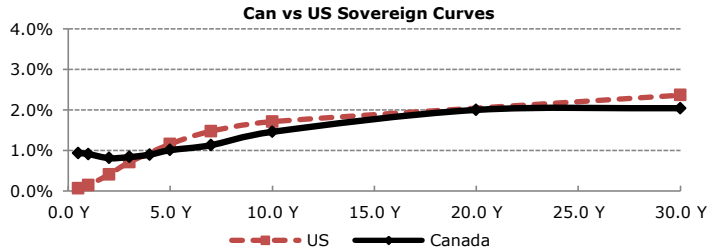
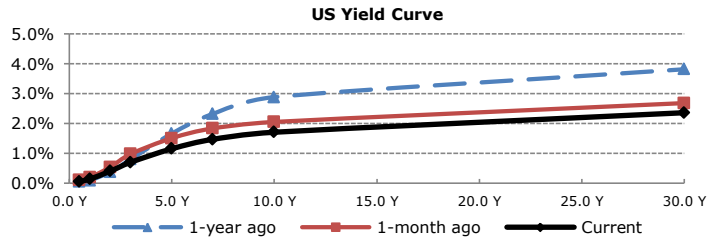
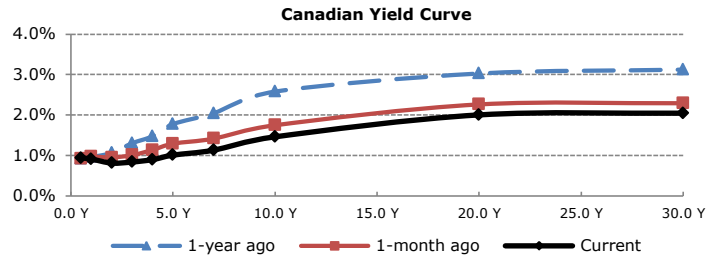
Canadian yield curve

	15-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.90%	0.88%	0.89%
6-mnth	0.94%	-	0.92%	0.91%	0.92%
12-mnth	0.91%	-0.04%	0.97%	0.97%	0.96%
2-year	0.81%	-0.07%	0.96%	0.98%	1.07%
5-year	1.01%	-0.12%	1.29%	1.42%	1.78%
10-year	1.46%	-0.11%	1.75%	1.95%	2.58%
20-year	2.01%	-0.10%	2.26%	2.49%	3.03%
30-year	2.05%	-0.09%	2.29%	2.52%	3.12%

US yield curve

	15-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.03%	-	0.03%	0.02%	0.04%
6-mnth	0.07%	-0.01%	0.11%	0.04%	0.06%
12-mnth	0.15%	-0.02%	0.20%	0.10%	0.10%
2-year	0.41%	-0.09%	0.55%	0.37%	0.39%
5-year	1.16%	-0.16%	1.52%	1.42%	1.67%
10-year	1.71%	-0.14%	2.06%	2.19%	2.89%
30-year	2.37%	-0.10%	2.69%	2.97%	3.82%

	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	15-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.196	+0.001	1.158	1.130	1.093
EURUSD	\$1.163	-0.016	1.246	1.266	1.361
USDJPY	¥116.17	-1.160	118.75	107.05	104.56
GBPUSD	\$1.518	-0.005	1.572	1.590	1.637
AUDUSD	\$0.822	+0.007	0.825	0.871	0.892

Spot	15-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥97.11	-1.061	102.55	94.76	95.63
CADAUD	\$1.018	-0.009	1.047	1.016	1.026
GBPCAD	£1.816	-0.004	1.820	1.797	1.790
EURJPY	¥135.13	-3.190	147.99	135.51	142.25
EURAUD	\$1.42	-0.031	1.51	1.45	1.53

Economic Releases

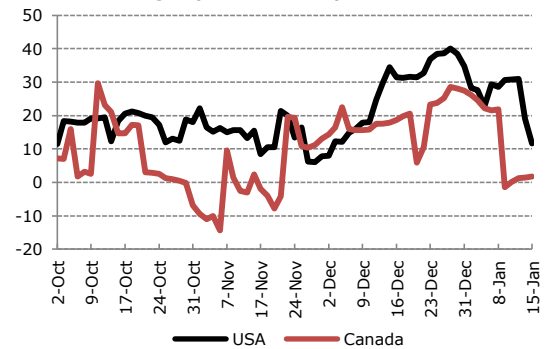
United States

		Period	Survey	Actual	Prior
Wed, Jan 14	Advance Retail Sales		-0.1%	-0.9%	0.7%
Thu, Jan 15	Continuing Claims		2400K	2424K	2452K
Thu, Jan 15	Initial Jobless Claims		290K	316K	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

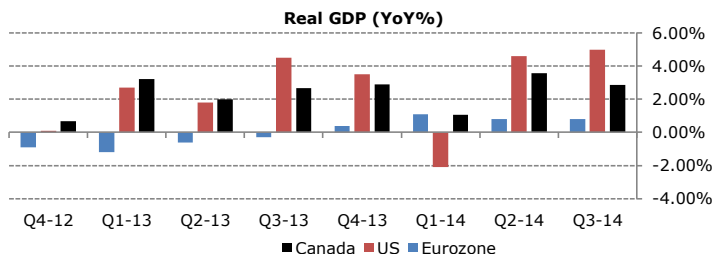


Economics

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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