

## Today's Commentary

American markets closed in slightly positive territory yesterday, as the gains in the technology sector offset IMF concerns over slowing global growth. Yahoo and Apple jumped more than 2%, Netflix surged 13%, while the IMF cut its global growth forecast for 2015 to 3.5%, down from 3.8%. The Dow rose 3.66 (0.02%) to 17,515.23 and the S&P 500 rose 3.13 (0.15%) to 2,022.55. In contrast, Canadian markets closed with a slightly negative change, as the slump in energy shares offset gains in the mining sector. The TSX fell 2.06 (0.03%) to 14,308.44. Data released yesterday showed that Canadian factory sales dropped by 1.4%, significantly more than the 0.7% decline forecasted. The Governor of the Bank of Canada, Stephen Poloz, will be releasing a decision on interest rates and his latest estimates for inflation and growth today; the poor manufacturing data likely adds to investor bets of a dovish tone from the Governor. The yield on American 10s rose 1bps to 1.80%, while the Canadian 10s fell 3bps to 1.49%.

Standard & Poor's is expected to be suspended from securities rating and suffer a \$60 million fine today, after coming to a settlement with the US Securities and Exchange Commission (SEC). The settlement comes after SEC scrutiny of S&P's rating practices in 2011, as it was suspected of altering its rating standards to attract business. Securities rating is one of S&P's most profitable businesses, and the suspension will ban them from rating securities which have been created from bundles of loans tied to commercial properties, which is the largest part of that market. S&P is also facing a lawsuit from the US Justice Department regarding the rating of mortgage backed securities it rated before the 2008 credit crisis, and is expected to cost McGraw Hill, it's parent company, an additional \$1 billion in fines.

The S&P BSE Sensex, a benchmark equity gauge for the Indian stock market, rose 1.98% yesterday and has continued a bull run into 2015 after having posted over 30% returns in 2014. The latest surge comes on the back of an IMF report which projects that India will surpass China as the fastest growing major economy in the world by 2017. China's growth is expected to decelerate to 6.3% in 2016 while India's growth is estimated to reach 6.5% in the fiscal year through March 2017. The slide in crude oil has helped India keep inflation in check, allowing room for monetary easing that will reduce financing costs of firms and will further buoy equity markets. Under leadership of Narendra Modi, many analysts believe India is on steady path towards structural reforms and fiscal consolidation that will boost economic growth.

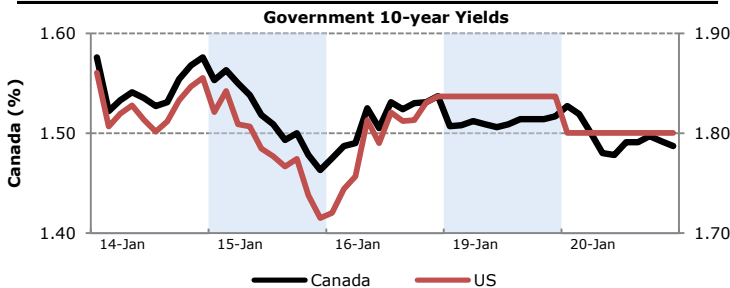
*The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.*

## Today's Major Economic Releases

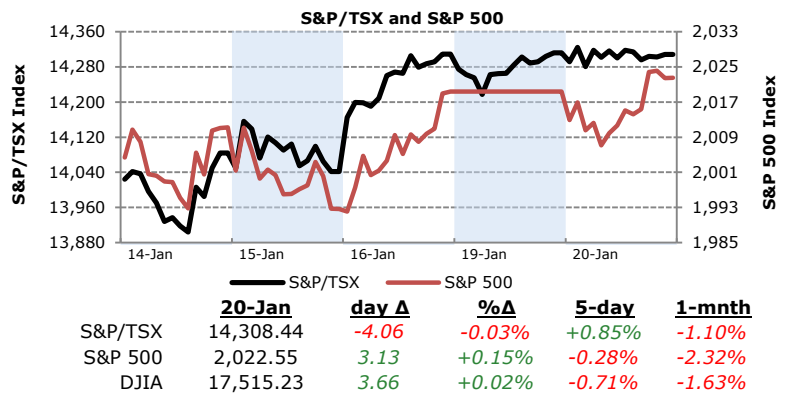
United States	Period	Survey	Actual	Prior
Housing Starts		1040K	--	1028K
Continuing Claims		2400K	--	2424K
Intial Jobless Claims		300K	--	316K

Canada	Period	Survey	Actual	Prior
None Scheduled				

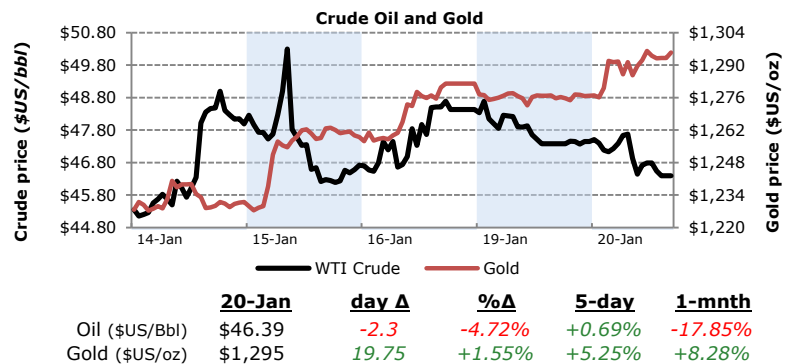
## Interest Rates



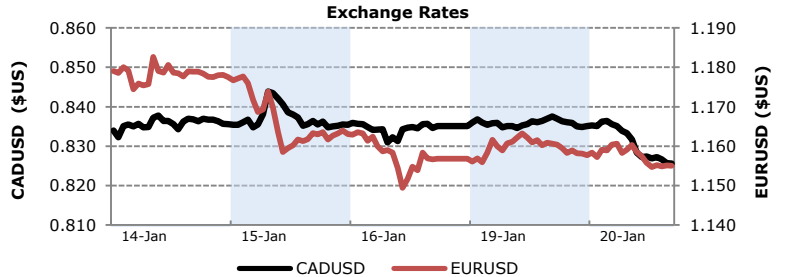
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	20-Jan	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.211		+0.017	1.196	1.163	1.095
EURUSD	\$1.155		-0.006	1.177	1.234	1.355
USDJPY	¥118.82		+1.260	117.930	118.65	104.18

Government 10-year Yields

	20-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.49%	-0.030%	1.81%	1.96%	2.49%
United States	1.79%	-0.049%	2.16%	2.22%	2.82%

## 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>

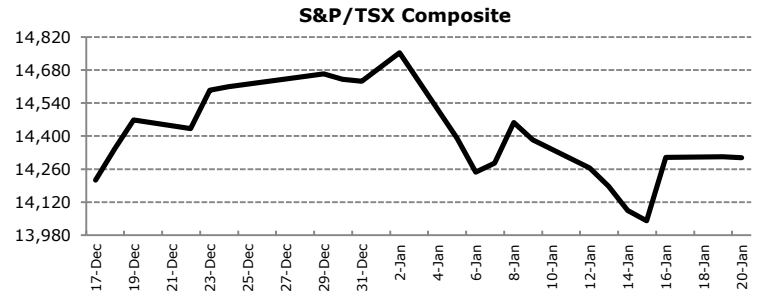
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	<b>20-Jan</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	14,308.44	-4.06	-0.03%

	<b>Trailing S&amp;P/TSX</b>	<b>TSX 60</b>
5-day	+0.85%	+0.78%
1-month	-1.10%	-1.03%
3-months	-0.20%	+0.82%
6-months	-6.28%	-5.05%
12-months	+2.27%	+3.69%



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.05%	-2.18%	-2.15%	+20.70%
C. Staples	-0.89%	-1.36%	-3.45%	+36.16%
Energy	-2.40%	+3.05%	-9.24%	-25.09%
Financials	-0.33%	-2.35%	-6.03%	+0.05%
Healthcare	-0.46%	+1.48%	+5.62%	+10.23%
Info Tech	-0.35%	+1.74%	+3.69%	+27.94%
Industrials	+0.48%	+0.16%	-1.56%	+12.58%
Materials	+2.93%	+7.70%	+12.82%	-4.20%
Metals & Mining	+2.16%	-0.10%	-9.55%	-31.12%
Telecom	-0.48%	+1.78%	+3.65%	+10.83%
Utilities	-0.07%	+3.14%	+6.01%	+14.05%

### TSX Top Performers

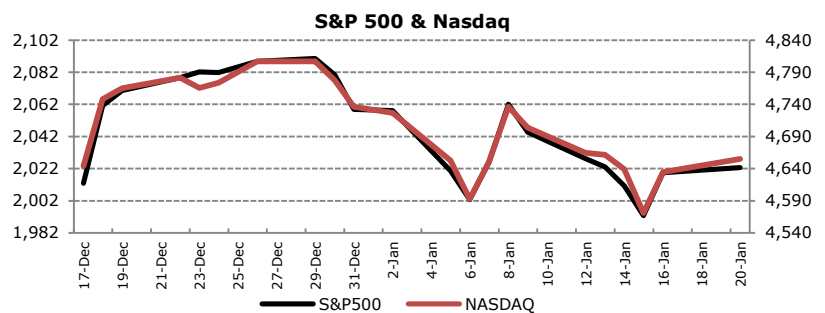
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Iamgold Corp		+8.92%	+13.20%	+43.42%	-12.58%
B2Gold Corp		+7.78%	+19.40%	+44.27%	+2.21%
Turquoise Hill Resources		+6.95%	+6.31%	+5.36%	-15.31%
Barrick Gold Corp		+6.83%	+18.97%	+20.57%	-28.74%
Oceanagold Corp		+6.67%	+11.30%	+23.67%	+39.89%

### TSX Worst Performers

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Gran Tierra Energy Inc		-32.06%	-26.61%	-37.17%	-63.21%
Pacific Rubiales Energy C		-13.70%	-22.80%	-52.01%	-78.79%
Trilogy Energy Corp		-11.82%	-16.86%	-39.62%	-78.26%
Pengrowth Energy Corp		-10.34%	-6.19%	-18.24%	-51.02%
Athabasca Oil Corp		-9.25%	+2.49%	-27.97%	-71.63%

### US Indices

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
20-Jan	2,022.55	17,515.23	4,654.85
1-day	+0.15%	+0.02%	+0.44%
5-day	-0.28%	-0.71%	-0.21%
1-month	-2.32%	-1.63%	-2.32%
3-months	+6.23%	+6.80%	+7.85%
6-months	+2.24%	+2.43%	+5.02%
12-months	+10.00%	+6.42%	+10.89%



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.64%	-1.86%	-2.32%	+6.36%
C. Staples	+0.36%	+1.02%	+1.50%	+17.59%
Energy	+0.10%	+1.43%	-6.19%	-11.77%
Financials	-0.39%	-2.22%	-5.37%	+6.70%
Healthcare	-0.07%	+0.16%	-0.36%	+23.23%
Info Tech	+0.82%	-0.34%	-2.72%	+15.52%
Industrials	+0.78%	+0.10%	-2.80%	+5.62%
Materials	+0.11%	-0.75%	-1.97%	+3.82%
Telecom	+0.44%	+1.78%	+1.51%	+2.66%
Utilities	+0.23%	+3.12%	+4.02%	+28.10%

### DJIA Top Performers

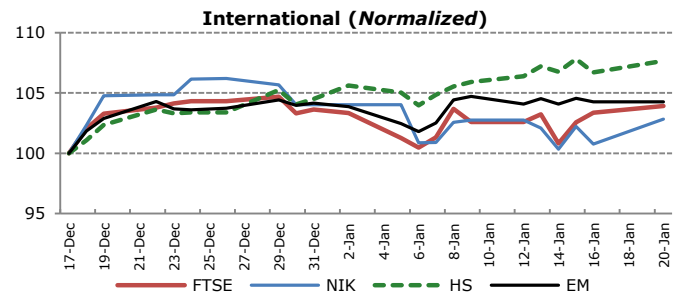
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Coca-Cola Co/The		+1.48%	+1.22%	+2.88%	+13.17%
American Express Co		+1.42%	-2.50%	-5.79%	-3.00%
Cisco Systems Inc		+1.41%	+0.07%	+1.78%	+27.27%

### DJIA Worst Performers

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Johnson & Johnson		-2.64%	-3.15%	-4.04%	+9.51%
Intel Corp		-0.99%	-1.39%	-0.77%	+44.04%
Goldman Sachs Group Inc		-0.90%	-5.10%	-9.13%	+0.94%

### International Markets

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	6,620.10	17,366.30	23,951.16	957.28
1-day	+0.52%	+2.07%	+0.90%	-0.02%
5-day	+1.19%	+1.63%	-1.09%	+0.18%
1-month	+1.14%	-1.45%	+3.61%	+1.34%
3-months	+5.63%	+14.92%	+3.82%	-2.47%
6-months	-1.92%	+14.13%	+2.12%	-9.97%
12-months	-3.17%	+11.03%	+4.46%	-1.54%



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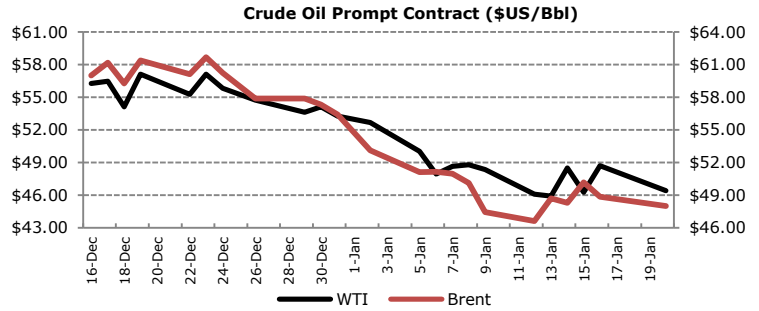
### Nymex WTI Crude Oil

(\$US/Bbl)	20-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$46.39	-\$2.30	-4.72%	+0.69%	-17.85%
Cal 15	\$49.20	-\$3.09	-5.91%	-2.17%	-27.48%
Cal 16	\$55.59	-\$2.42	-4.16%	-2.62%	-20.81%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$58.00	\$65.00	\$72.00	\$72.00	\$75.00
Current Forward	\$47.22	\$49.65	\$51.67	\$53.39	\$55.59

### Inventory Levels (as of Jan-09)

(MMbbls)	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

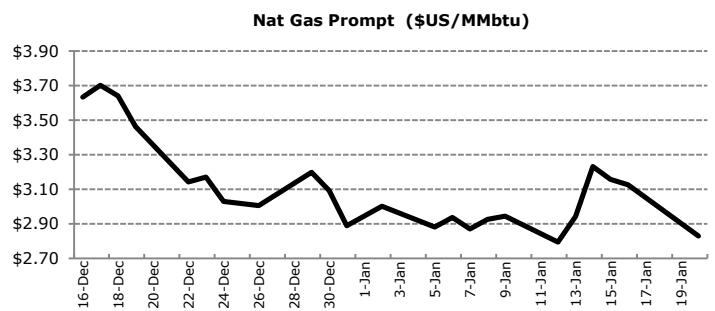
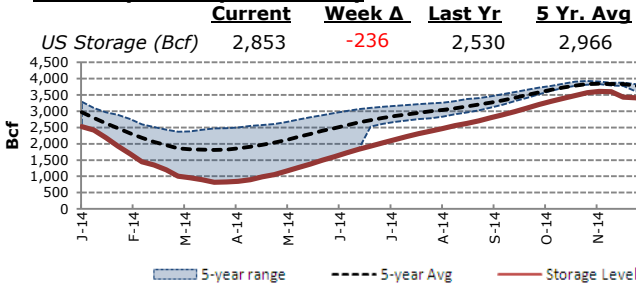


(\$US/Bbl)	20-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$47.99	-\$0.85	-1.77%	+3.00%	-21.56%

### Nymex Natural Gas

(\$US/MMbtu)	20-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.83	-\$0.30	-9.47%	+1.29%	-23.53%
Feb15-Mar15	\$2.83	-\$0.23	-7.65%	+0.66%	-24.64%
Apr15-Oct15	\$2.88	-\$0.19	-6.21%	+0.21%	-22.16%
Nov15-Mar16	\$3.28	-\$0.15	-4.32%	+0.21%	-14.85%
Apr16-Oct16	\$3.26	-\$0.09	-2.79%	-0.22%	-14.47%

### Inventory Levels (as of Jan-09)

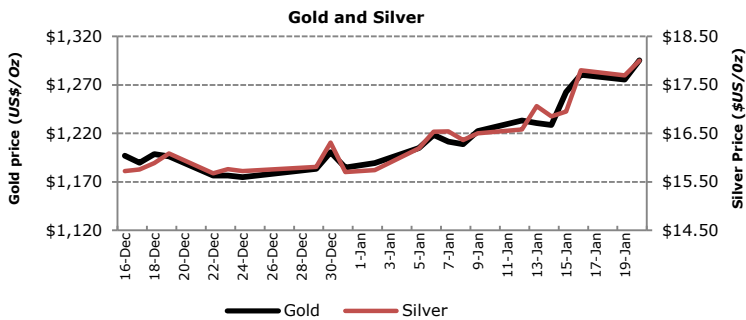


### Alberta Natural Gas

(\$CAD/GJ)	20-Jan	day Δ	%Δ
AECO Feb-15	\$2.49	-\$0.16	-6.1%

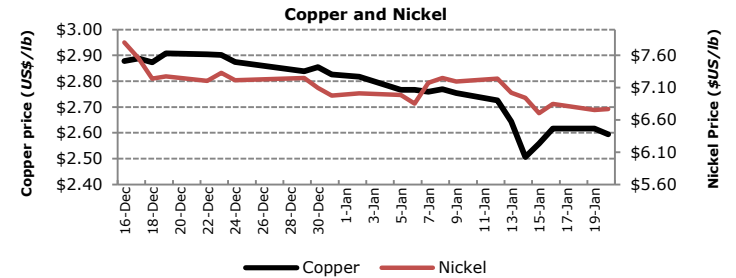
### Precious Metals

\$US/oz	20-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,295.40	+\$19.75	+1.5%	+5.3%	+8.3%	+5.6%
Silver	\$18.00	+\$0.31	+1.7%	+5.5%	+11.9%	+5.1%
Platinum	\$1,283	+\$17.40	+1.4%	+3.5%	+6.7%	+2.0%



### Industrial Metals

\$US/lb	20-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.59	-\$0.02	-0.9%	-1.9%	-10.8%	-15.3%
Nickel	\$6.77	+\$0.02	+0.3%	-3.6%	-6.9%	-4.0%
Zinc	\$1.02	+\$0.01	+0.5%	-2.6%	-2.7%	-8.7%
Aluminum	\$0.89	+\$0.01	+1.1%	+2.3%	-3.3%	-6.3%
Uranium	\$36.50	+\$0.00	0.0%	+2.4%	-0.7%	0.0%



### Agriculture & Other

	20-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.90	+\$0.03	+0.8%	+1.2%	-5.2%
Wheat (\$US/bu)	\$5.37	+\$0.04	+0.8%	-2.0%	-14.2%
Soybeans (\$US/bu)	\$9.82	-\$0.10	-1.0%	-2.2%	-6.1%
Rough Rice (\$US/cwt)	\$11.27	-\$0.06	-0.5%	-1.6%	-9.0%
Sugar #11 (¢US/lb)	¢15.83	¢0.50	+3.3%	+6.5%	+6.5%
Lean Hogs (¢US/lb)	¢74.68	¢3.00	-3.9%	-2.4%	-9.5%
Live Cattle (¢US/lb)	¢151.08	¢1.88	-1.2%	-3.4%	-5.7%
Cotton No.2 (\$US/lb)	\$0.58	-\$0.01	-2.4%	-3.9%	-6.9%
Lumber (\$US/Mbft)	\$302.90	-\$9.00	-2.9%	-3.9%	-9.7%

### Commodity ETFs

\$CAD	20-Jan	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$8.13	-\$0.52	-6.0%	-2.8%	-35.4%
HBP Nat Gas U	\$4.78	-\$0.41	-7.9%	-5.9%	-43.0%
iShares Gold ETF	\$11.52	+\$0.31	+2.8%	+5.5%	+9.2%

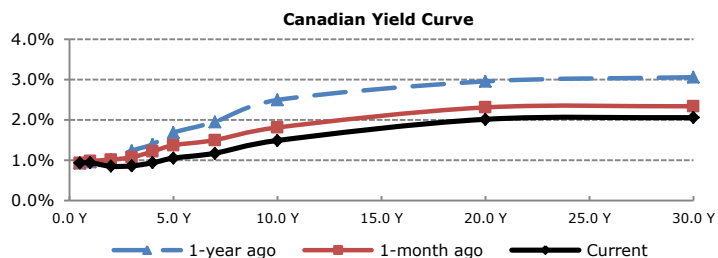
\$USD	20-Jan	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$17.48	-\$0.85	-4.6%	0.40%	-20.4%
US Nat Gas	\$14.69	-\$1.00	-6.4%	3.60%	-17.0%
PSDB Agriculture	\$23.98	-\$0.18	-0.7%	-2.76%	-5.7%
PSDB Base Metals	\$15.17	-\$0.10	-0.7%	-1.94%	-6.5%

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## Interest Rates

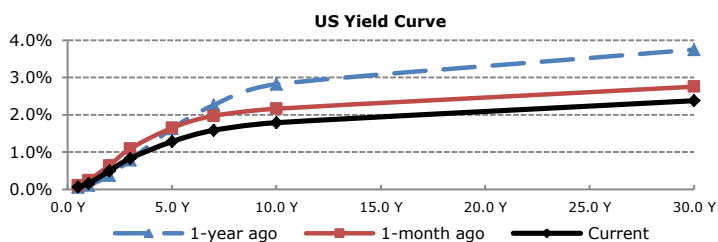
### Canadian yield curve

	<b>20-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.91%	-	0.90%	0.89%	0.89%
6-mnth	0.93%	-	0.93%	0.91%	0.92%
12-mnth	0.94%	-0.01%	0.98%	0.98%	0.95%
2-year	0.85%	-0.01%	1.01%	0.99%	1.02%
5-year	1.05%	-0.03%	1.37%	1.43%	1.68%
10-year	1.49%	-0.03%	1.81%	1.96%	2.49%
20-year	2.01%	-0.03%	2.31%	2.49%	2.95%
30-year	2.05%	-0.03%	2.34%	2.53%	3.06%

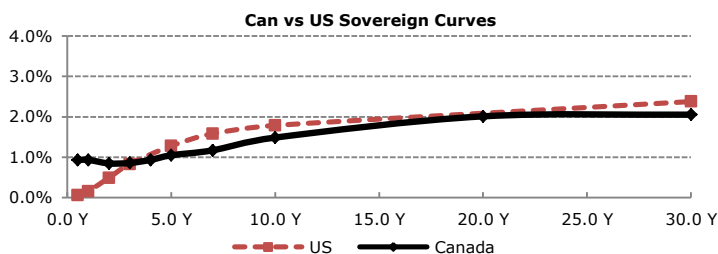
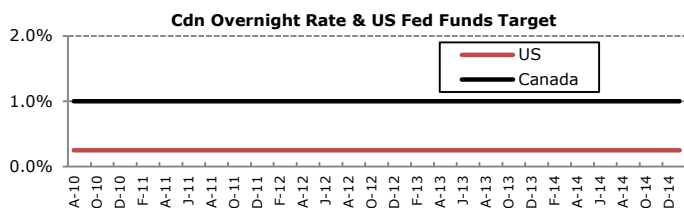


### US yield curve

	<b>20-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.01%	-0.01%	0.03%	0.02%	0.03%
6-mnth	0.06%	-0.00%	0.11%	0.05%	0.06%
12-mnth	0.16%	-	0.24%	0.09%	0.10%
2-year	0.49%	+0.01%	0.64%	0.36%	0.37%
5-year	1.28%	-0.02%	1.65%	1.43%	1.63%
10-year	1.79%	-0.05%	2.16%	2.22%	2.82%
30-year	2.38%	-0.08%	2.75%	2.99%	3.75%



	<b>Current</b>	<b>Prior</b>	<b>Next Meeting</b>	<b>Survey</b>
<b>Cdn Overnight</b>	<b>1.00%</b>	<b>1.00%</b>	<b>21-Jan-15</b>	<b>1.00%</b>
US Fed Funds	0.25%	0.25%	28-Jan-15	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

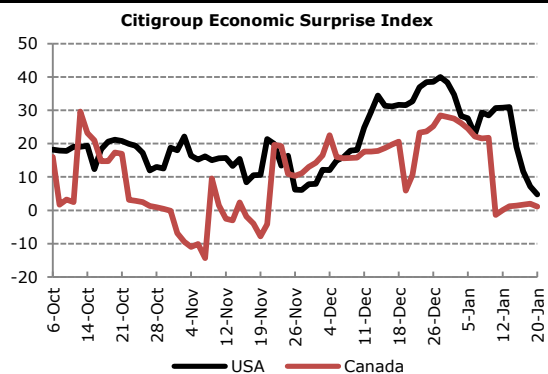
	<b>Spot</b>	<b>20-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.211	+0.017		1.163	1.128	1.095
EURUSD	\$1.155	-0.006		1.234	1.276	1.355
USDJPY	¥118.82	+1.260		118.65	106.88	104.18
GBPUSD	\$1.515	+0.003		1.558	1.609	1.643
AUDUSD	\$0.817	-0.004		0.812	0.874	0.881

	<b>Spot</b>	<b>20-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥98.09	-0.367		102.02	94.78	95.16
CADAUD	\$1.010	-0.010		1.059	1.014	1.037
GBP CAD	£1.835	+0.030		1.811	1.815	1.799
EURJPY	¥137.24	+0.790		146.43	136.38	141.18
EURAUD	\$1.41	+0.000		1.52	1.46	1.54

## Economic Releases

### United States

	<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Wed, Jan 21	Housing Starts	1040K	--	1028K
Thu, Jan 22	Continuing Claims	2400K	--	2424K
Thu, Jan 22	Initial Jobless Claims	300K	--	316K
Fri, Jan 23	Leading Indicators	0.4%	--	0.6%
Fri, Jan 23	Existing Home Sales	5.08M	--	4.93M

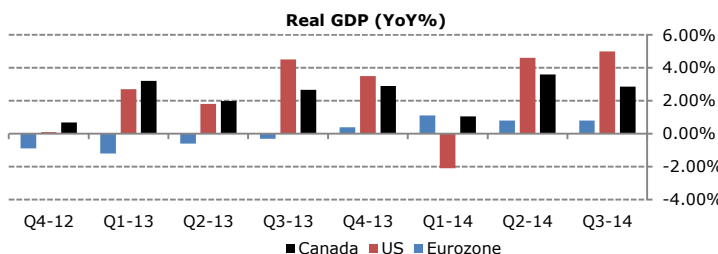


### Canada

	<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Tue, Jan 20	Manufacturing Sales (MoM)	-0.7%	-1.4%	-0.6%
Fri, Jan 23	BOC CPI Core (YoY)	2.3%	--	2.1%
Fri, Jan 23	Retail Sales (MoM)	-0.2%	--	0%
Fri, Jan 23	Consumer Price Index	1.6%	--	2%

## Economics

	<b>Q4-13</b>	<b>Q1-14</b>	<b>Q2-14</b>	<b>Q3-14</b>	<b>2013E</b>
<b>Canada</b>					
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%
<b>US</b>					
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%
<b>China</b>					
Real GDP	7.70%	7.40%	7.50%	7.30%	7.70%



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