

Today's Commentary

Canadian markets rose yesterday, even as US indices had their largest loss in three weeks due to an unexpected drop in durable goods orders and disappointing earnings reports from big name companies due to a strong greenback affecting foreign revenues. The Dow lost 291.49 (1.65%) falling to 17,387.21 as lackluster earnings from some of its blue-chip stocks were reported, while the S&P 500 fell 27.54 (1.34%) to 2,029.55. Both indexes are still in the red for 2015. Even as six of ten main TSX sectors decline, the index rose 36.05 (0.24%) to 14,833.88, its fifth straight day of gains. The index was boosted by a weakening US dollar lifting the price of commodities, especially gold and oil, along with the continued tailwind from the BOC rate cut last week. The Fed began its monetary policy meeting yesterday, with today's report expected to show no action towards the US benchmark interest rate until later in 2015.

Mixed economic data from the US added to the risk off sentiment in markets today. Business investment spending in the nation, as measured by durable goods orders, fell 0.6% in December, dropping for a 4th straight month. Economists believe the data could signal downside risks to their 4th quarter GDP predictions, the majority of which are currently in the range of 3%. A stronger US dollar and weak global growth have reduced external demand for American manufactured goods which has weighed on goods orders. On the flipside, the Conference Board's index of consumer attitudes spiked to 102.9 in January, from 93.1 in December; the January reading is the strongest in over 7 years. An additional report by the Commerce Department showed the pace of new home sales quickened to its highest rate since 2008.

The Chinese banking regulator in Shanghai instructed local lenders to perform stress tests on their exposure to the real-estate industry yesterday. The stress test was a result of the growing concerns surrounding increased credit risks due to a possible housing market slow down. Data last week showed that the ratio of nonperforming loans of Chinese banks has increased the most in a decade, increasing 0.13% to 1.29% since December 31st. The decision to conduct the stress tests caused Chinese Banks to decline in trading yesterday, with the world's largest lender by assets, the Industrial and Commercial Bank of China Ltd., losing 2.7%. According to Yony Hann, head of emerging markets at Blackfriars Asset Management Ltd., "The housing market's outlook is soft. I would expect bad debts to increase. The housing market's weakness will weigh on banks as well as the broader economy for a couple of years or so."

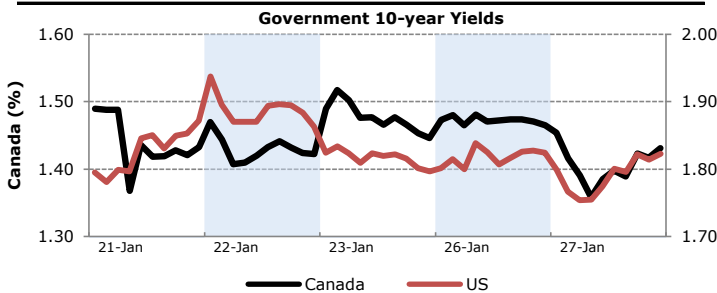
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

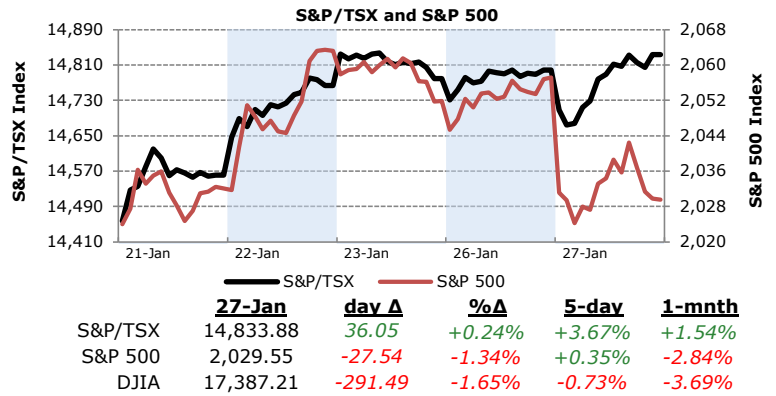
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

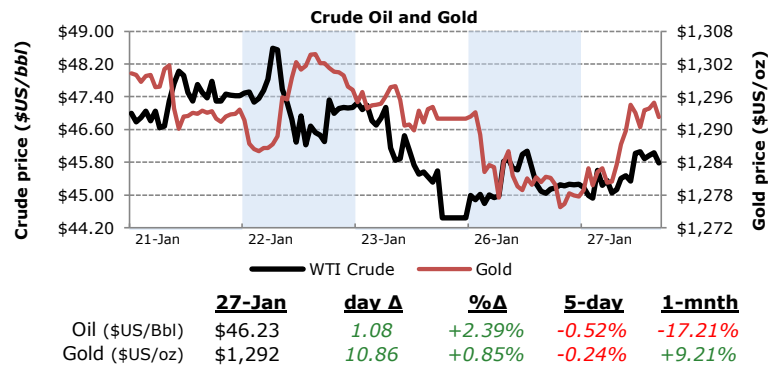
Interest Rates



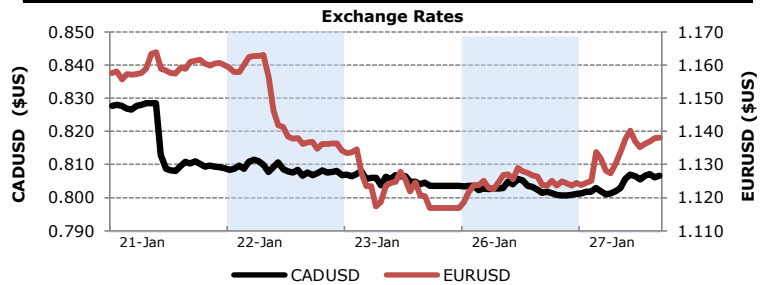
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	27-Jan	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.240		-0.008	1.211	1.162	1.112
EURUSD	\$1.138		+0.014	1.155	1.220	1.367
USDJPY	¥117.87		-0.590	118.820	120.51	102.55

Government 10-year Yields

	27-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.43%	-0.034%	1.91%	2.06%	2.43%
United States	1.82%	-0.001%	2.25%	2.32%	2.75%

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.

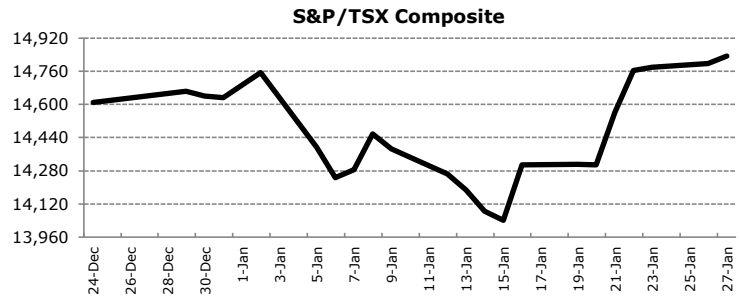
<http://www.rotmanfinanceassociation.com>

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	27-Jan	day Δ	%Δ
S&P/TSX	14,833.88	36.05	+0.24%
Trailing S&P/TSX			
5-day		+3.67%	+3.81%
1-month		+1.54%	+1.51%
3-months		+2.52%	+3.20%
6-months		-4.02%	-2.70%
12-months		+9.21%	+11.01%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.14%	+2.84%	-0.30%	+26.77%
C. Staples	+2.02%	+6.03%	+1.99%	+47.77%
Energy	+0.95%	+6.71%	-2.23%	-18.07%
Financials	-0.45%	+2.29%	-5.55%	+6.64%
Healthcare	-0.08%	+5.50%	+11.29%	+19.63%
Info Tech	-0.50%	+3.27%	+4.62%	+31.95%
Industrials	-0.46%	+2.76%	-1.24%	+19.63%
Materials	+1.84%	+2.77%	+17.50%	+2.85%
Metals & Mining	-0.85%	+0.73%	-9.87%	-26.37%
Telecom	-0.36%	-1.88%	+1.05%	+10.28%
Utilities	+0.47%	+1.16%	+5.90%	+16.34%

TSX Top Performers

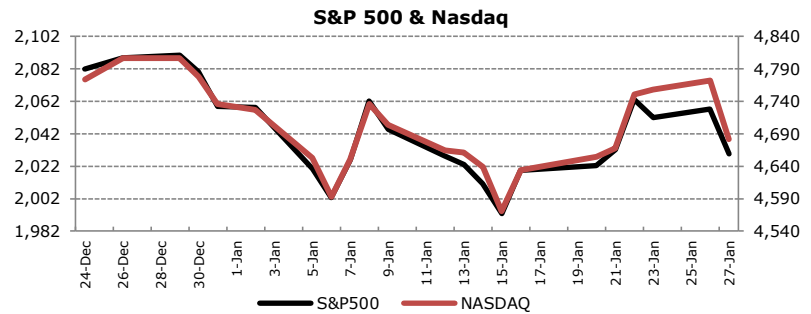
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Torex Gold Resources Inc		+8.97%	+0.00%	+35.04%	+41.07%
Pretium Resources Inc		+6.65%	-2.81%	+46.53%	+26.79%
New Gold Inc		+6.36%	-1.04%	+16.12%	-10.39%
First Majestic Silver Cor		+5.97%	+5.02%	+47.56%	-28.61%
Fortuna Silver Mines Inc		+5.66%	-0.32%	+23.45%	+57.95%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Lightstream Resources Ltd		-4.82%	-15.96%	-34.71%	-86.59%
Quebecor Inc -CI B		-4.31%	-1.07%	-0.80%	+35.91%
Wajax Corp		-4.20%	-2.56%	-18.14%	-31.60%
Capstone Mining Corp		-4.07%	-7.81%	-37.23%	-60.67%
Labrador Iron Ore Royalty		-4.01%	-0.84%	-2.96%	-45.54%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
27-Jan	2,029.55	17,387.21	4,681.50
1-day	-1.34%	-1.65%	-1.89%
5-day	+0.35%	-0.73%	+0.57%
1-month	-2.84%	-3.69%	-2.61%
3-months	+3.46%	+3.38%	+4.36%
6-months	+2.59%	+2.52%	+5.21%
12-months	+13.92%	+9.78%	+14.64%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.79%	+2.14%	-2.10%	+11.89%
C. Staples	-1.23%	-0.95%	-1.00%	+18.72%
Energy	-0.17%	+2.73%	-3.04%	-6.86%
Financials	-1.09%	+0.98%	-5.39%	+12.65%
Healthcare	-0.75%	+0.59%	+2.22%	+28.11%
Info Tech	-3.27%	-1.51%	-5.78%	+17.20%
Industrials	-1.29%	+0.42%	-3.76%	+10.21%
Materials	-0.75%	+0.38%	-2.46%	+9.54%
Telecom	-1.14%	-3.10%	-3.44%	+0.77%
Utilities	+0.17%	+1.01%	+1.35%	+29.34%

DJIA Top Performers

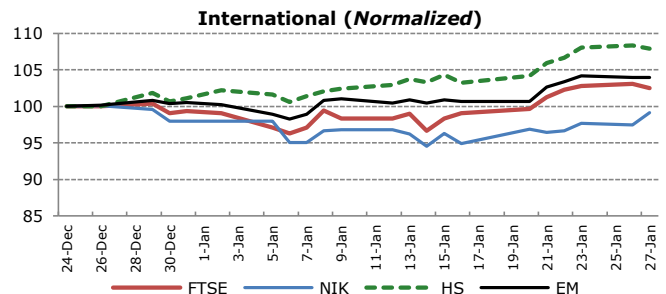
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
United Technologies Corp		+0.35%	+1.39%	+1.64%	+4.72%
Johnson & Johnson		-0.17%	+0.79%	-2.83%	+13.51%
3M Co		-0.37%	+1.04%	-1.58%	+26.88%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Microsoft Corp		-9.25%	-8.04%	-10.90%	+18.40%
Caterpillar Inc		-7.18%	-4.91%	-15.26%	-12.53%
Intel Corp		-4.52%	-5.28%	-8.96%	+38.29%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,811.61	17,768.30	24,807.28	988.71
1-day	-0.60%	+1.72%	-0.41%	+0.00%
5-day	+2.89%	+2.31%	+3.57%	+3.28%
1-month	+3.05%	-0.28%	+6.24%	+0.00%
3-months	+7.04%	+15.46%	+7.19%	-2.58%
6-months	+0.30%	+14.95%	+2.44%	-11.70%
12-months	+3.98%	+18.41%	+12.88%	+2.24%



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Nymex WTI Crude Oil

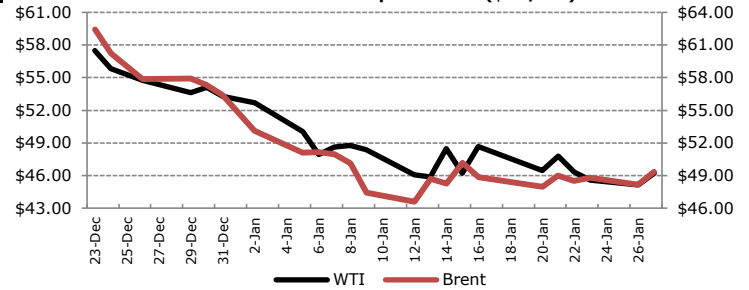
(\$US/Bbl)	27-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$46.23	+\$1.08	+2.39%	-0.52%	-17.21%
Cal 15	\$50.39	+\$0.98	+1.98%	+1.08%	-18.64%
Cal 16	\$57.60	+\$0.94	+1.66%	+2.73%	-11.68%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$56.25	\$65.00	\$72.00	\$72.00	\$75.00
Current Forward	\$47.97	\$51.04	\$53.54	\$55.42	\$57.60

Inventory Levels (as of Jan-16)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	397,853	+10,071	337,426	319,411
Motor Gas	240,922	+588	214,389	200,481
Distillates	136,579	-3,272	171,756	140,851

Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

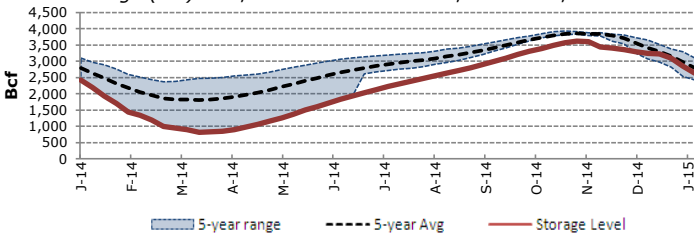
(\$US/Bbl)	27-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$49.33	+\$1.17	+2.37%	+2.79%	-18.11%

Nymex Natural Gas

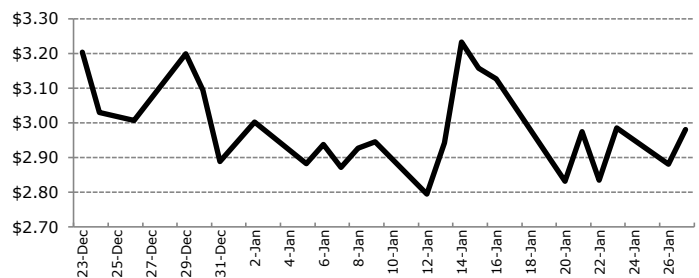
(\$US/MMbtu)	27-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.98	+\$0.10	+3.47%	+5.30%	-1.62%
Feb15-Mar15	\$2.95	+\$0.08	+2.83%	+4.29%	-21.98%
Apr15-Oct15	\$3.00	+\$0.07	+2.29%	+4.08%	-19.55%
Nov15-Mar16	\$3.38	+\$0.05	+1.43%	+3.12%	-12.99%
Apr16-Oct16	\$3.36	+\$0.03	+0.84%	+2.89%	-12.80%

Inventory Levels (as of Jan-16)

	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	2,637	-216	2,423	2,790



Nat Gas Prompt (\$US/MMbtu)



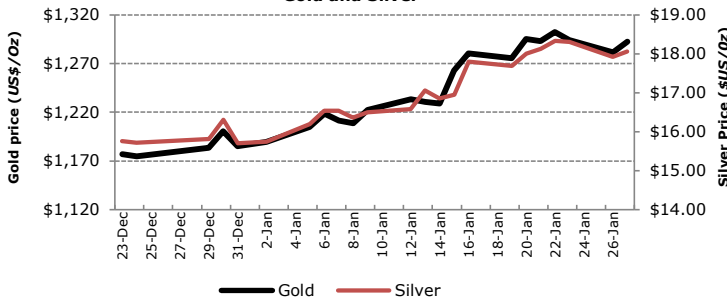
Alberta Natural Gas

(\$CAD/GJ)	27-Jan	day Δ	%Δ
AECO Feb-15	\$2.64	+\$0.06	+2.2%

Precious Metals

\$US/oz	27-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,292.24	+\$10.86	+0.8%	-0.2%	+9.2%	+10.9%
Silver	\$18.07	+\$0.15	+0.8%	+0.3%	+14.3%	+11.8%
Platinum	\$1,264	+\$12.10	+1.0%	-1.4%	+5.2%	+2.0%

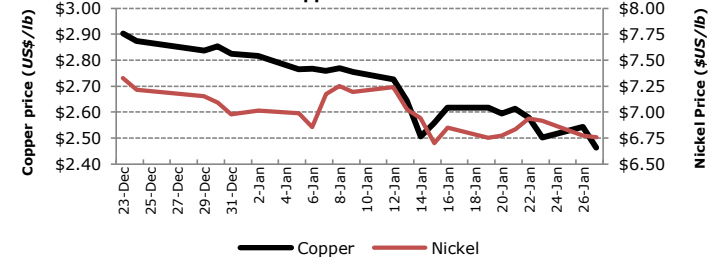
Gold and Silver



Industrial Metals

\$US/lb	27-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.46	-\$0.08	-3.2%	-5.1%	-13.2%	-19.7%
Nickel	\$6.76	-\$0.01	-0.2%	-0.2%	-5.5%	-8.8%
Zinc	\$1.03	-\$0.01	-0.7%	+1.0%	-2.7%	-10.2%
Aluminum	\$0.89	+\$0.00	0.0%	0.0%	-0.6%	-11.0%
Uranium	\$37.15	+\$0.00	0.0%	+1.8%	+4.1%	+1.1%

Copper and Nickel



Agriculture & Other

	27-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.81	-\$0.03	-0.7%	-2.3%	-7.6%
Wheat (\$US/bu)	\$5.19	-\$0.01	-0.3%	-3.4%	-15.7%
Soybeans (\$US/bu)	\$9.74	-\$0.10	-1.0%	-0.8%	-7.2%
Rough Rice (\$US/cwt)	\$10.97	+\$0.09	+0.8%	-2.6%	-9.1%
Sugar #11 (¢US/lb)	\$15.16	-\$0.19	-1.2%	-4.2%	+3.8%
Lean Hogs (¢US/lb)	¢72.05	¢-0.60	-0.8%	-3.5%	-14.9%
Live Cattle (¢US/lb)	¢151.00	¢+3.00	+2.0%	-0.0%	-8.0%
Cotton No.2 (\$US/lb)	\$0.59	+\$0.00	+0.3%	+1.7%	-5.2%
Lumber (\$US/Mbft)	\$311.70	-\$4.60	-1.5%	+2.9%	-6.8%

Commodity ETFs

\$CAD	27-Jan	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$7.88	+\$0.30	+4.0%	-3.1%	-35.0%
HBP Nat Gas U	\$4.81	+\$0.15	+3.2%	+0.6%	-15.6%
iShares Gold ETF	\$11.56	+\$0.17	+1.5%	+0.3%	+10.9%

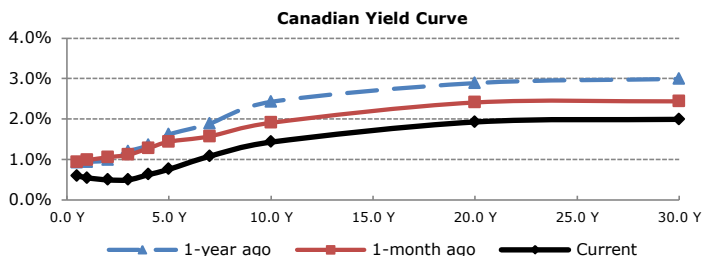
\$USD	27-Jan	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$17.21	+\$0.34	+2.0%	-1.54%	-17.2%
US Nat Gas	\$14.78	+\$0.23	+1.6%	0.61%	-4.5%
PSDB Agriculture	\$23.52	+\$0.00	+0.0%	-1.92%	-6.7%
PSDB Base Metals	\$15.00	-\$0.23	-1.5%	-1.12%	-5.2%

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Interest Rates

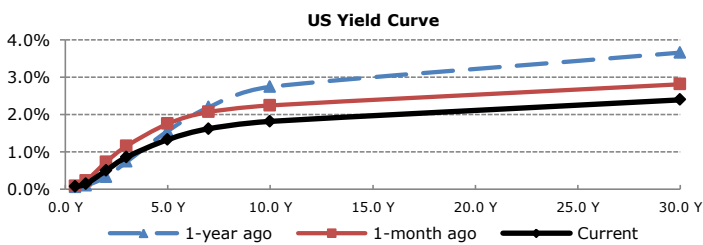
Canadian yield curve

	27-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.60%	-	0.90%	0.88%	0.90%
6-mnth	0.60%	-	0.93%	0.92%	0.92%
12-mnth	0.55%	-0.04%	0.99%	0.98%	0.94%
2-year	0.50%	-0.02%	1.06%	1.04%	0.98%
5-year	0.76%	-0.03%	1.44%	1.56%	1.62%
10-year	1.43%	-0.03%	1.91%	2.06%	2.43%
20-year	1.93%	-0.04%	2.41%	2.55%	2.89%
30-year	1.99%	-0.03%	2.44%	2.59%	2.99%

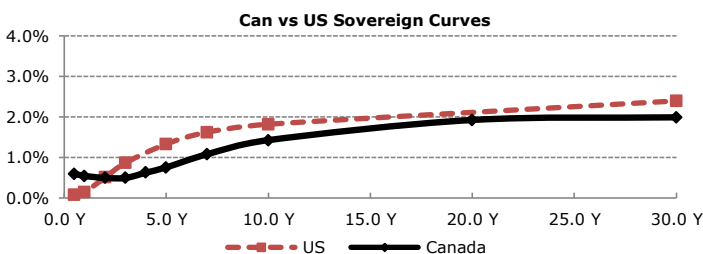
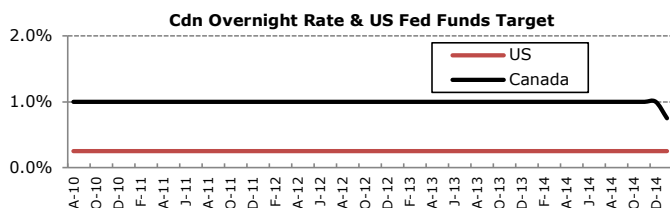


US yield curve

	27-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	+0.01%	0.00%	0.01%	0.05%
6-mnth	0.08%	+0.02%	0.10%	0.06%	0.06%
12-mnth	0.15%	-0.00%	0.23%	0.10%	0.10%
2-year	0.51%	-0.00%	0.74%	0.48%	0.34%
5-year	1.34%	-0.00%	1.76%	1.58%	1.57%
10-year	1.82%	-0.00%	2.25%	2.32%	2.75%
30-year	2.40%	+0.00%	2.82%	3.05%	3.66%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.75%	1.00%	4-Mar-15	0.75%
US Fed Funds	0.25%	0.25%	28-Jan-15	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

<i>Spot</i>	27-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.240	-0.008	1.162	1.123	1.112
EURUSD	\$1.138	+0.014	1.220	1.267	1.367
USDJPY	¥117.87	-0.590	120.51	108.16	102.55
GBPUSD	\$1.520	+0.012	1.556	1.609	1.659
AUDUSD	\$0.794	+0.001	0.811	0.879	0.874

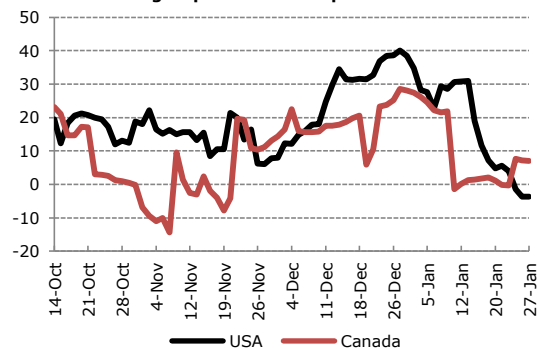
<i>Spot</i>	27-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥95.06	+0.101	103.67	96.30	92.26
CADAUD	\$1.016	+0.004	1.061	1.011	1.030
GBPCAD	£1.884	+0.003	1.809	1.807	1.844
EURJPY	¥134.15	+1.030	146.97	137.04	140.22
EURAUD	\$1.43	+0.016	1.50	1.44	1.56

Economic Releases

United States

		Period	Survey	Actual	Prior
Tue, Jan 27	Durable Goods Orders		0.3%	-3.4%	-0.7%
Tue, Jan 27	New Home Sales		450K	481K	438K
Tue, Jan 27	Consumer Confidence		95.5	102.9	92.6
Thu, Jan 29	Continuing Claims		2405K	--	2443K
Thu, Jan 29	Initial Jobless Claims		300K	--	307K
Fri, Jan 30	GDP QoQ (Annualized)		3%	--	0%

Citigroup Economic Surprise Index

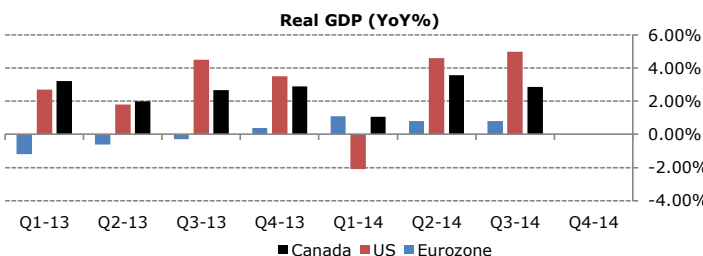


Canada

		Period	Survey	Actual	Prior
Fri, Jan 30	GDP MoM		--	--	0.3%

Economics

	Q1-14	Q2-14	Q3-14	Q4-14	2013E
Canada					
Real GDP	1.05%	3.59%	2.85%	NA	1.80%
CPI	1.37%	2.23%	2.07%	1.97%	0.90%
Unemployment	6.90%	7.10%	6.80%	6.60%	7.05%
US					
Real GDP	-2.10%	4.60%	5.00%	NA	1.90%
CPI	1.40%	2.07%	1.80%	1.27%	1.50%
Unemployment	6.60%	6.10%	5.90%	5.60%	7.40%
China					
Real GDP	7.40%	7.50%	7.30%	7.30%	7.70%



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