

Today's Commentary

Wednesday was a poor day for North American markets as a statement from the FOMC suggested that it would remain on track to raise interest rates as planned in late 2015, while crude oil fell to \$44.44, its lowest level in six years. The TSX lost 231.00 (1.56%) to 14,602.88, with 9 of the 10 sectors in red, and ended a five day streak of gains. The Dow gave back 195.84 (1.13%) to 17,191.37, while the S&P 500 fell 27.39 (1.35%) to 2,002.16. The strong US dollar also contributed to the losses, as it continued to translate into lower profits for multinational firms. The yield on US 10s dropped 10bps to 1.72%, while Canadian 10s fell 8bps to 1.35%.

The Federal Reserve capped the end of a two-day meeting yesterday where the FOMC decided, as expected, to keep their benchmark rate unchanged and remain patient in future rate liftoff. Market response to the policy statement was largely negative, as investors were expecting a more dovish statement from the Fed. The FOMC removed any reference to holding rates low for a considerable time, while also describing US expansion as "solid" rather than December's use of "moderate" expansion. Policymakers remain adamant that inflation will gradually rise toward its 2% objective over the "medium term", as low energy prices will continue to translate into larger consumer buying power. The Fed did address that international developments will be taken into account in the decision to hike rates, and this may have contributed to the sharp decline in the US 10 year yield.

The People's Bank of China has raised the fixed daily yuan exchange rate to a higher peg after the currency took its biggest hit since 2008 on Monday. The strengthening US dollar has put downward pressure on the yuan, which is adding to China's issue of slowing growth by causing an outflow of capital. One estimate from a senior economist at Citigroup states capital outflows could soon be at \$50 billion a month. The country grew its slowest in almost two-and-a-half decades last year, and the further loss of liquidity may indicate a need for the PBOC to alter its monetary policy, either through injections of cash or lower reserve requirements on its banks. This may also mean the Bank lowers the reference rate, or widens the band in which the currency trades. Other market forces may intervene for the Bank however, as poor global growth outlook, and a loss of momentum for the appreciating greenback could ease China's capital outflow ailment.

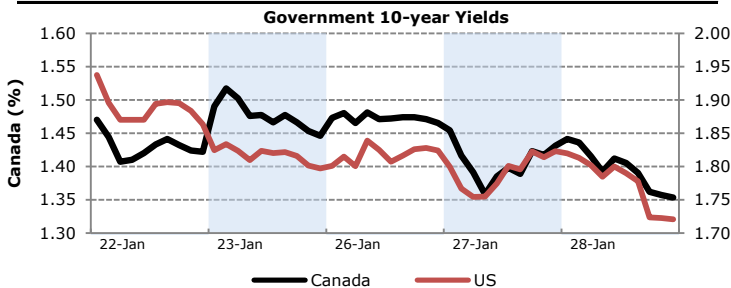
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

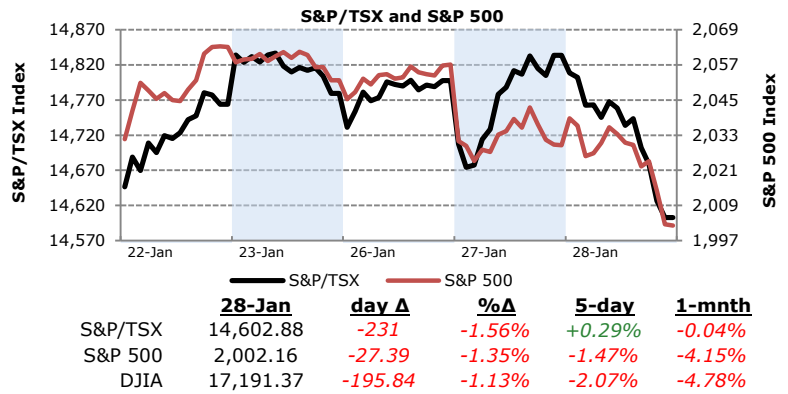
United States	Period	Survey	Actual	Prior
Continuing Claims		2405K	--	2443K
Initial Jobless Claims		300K	--	307K
GDP QoQ (Annualized)		3.1%	--	0%

Canada	Period	Survey	Actual	Prior
None Scheduled				

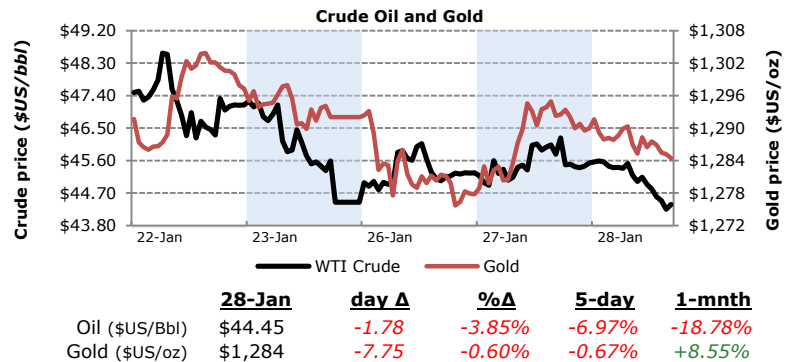
Interest Rates



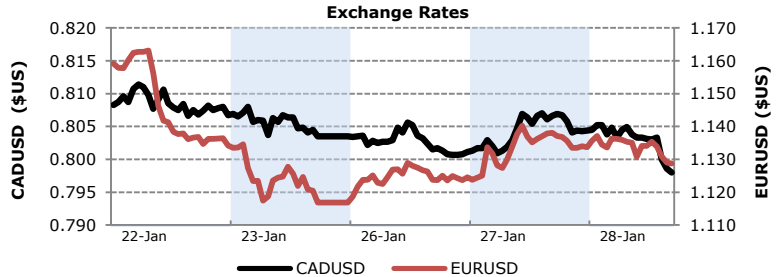
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	28-Jan	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.254	+0.014	1.234	1.164	1.115
EURUSD	\$1.129	-0.009	1.161	1.215	1.367
USDJPY	¥117.54	-0.330	117.970	120.67	102.94

Government 10-year Yields

	28-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.35%	-0.078%	1.83%	2.05%	2.42%
United States	1.72%	-0.102%	2.20%	2.31%	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/>



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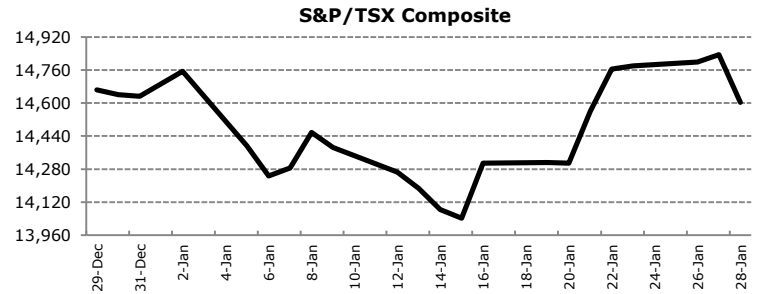
Rotman Finance Association



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>

	28-Jan	day Δ	%Δ
S&P/TSX	14,602.88	-231	-1.56%
Trailing S&P/TSX TSX 60			
5-day	+0.29%	+0.39%	
1-month	-0.04%	+0.13%	
3-months	-0.15%	+0.72%	
6-months	-5.45%	-4.01%	
12-months	+6.69%	+8.72%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.48%	+1.40%	-0.79%	+25.60%
C. Staples	-0.17%	+4.21%	+1.82%	+45.43%
Energy	-4.86%	-1.58%	-6.98%	-22.87%
Financials	-1.17%	-0.39%	-6.65%	+4.88%
Healthcare	-0.07%	+3.57%	+11.21%	+18.23%
Info Tech	-2.18%	+0.27%	+2.34%	+26.06%
Industrials	-0.99%	+0.27%	-2.21%	+18.23%
Materials	-2.05%	-1.04%	+15.09%	-1.09%
Metals & Mining	-1.48%	-6.09%	-11.21%	-29.50%
Telecom	-0.31%	-0.51%	+0.73%	+9.71%
Utilities	+0.48%	+2.53%	+6.41%	+16.17%

TSX Top Performers

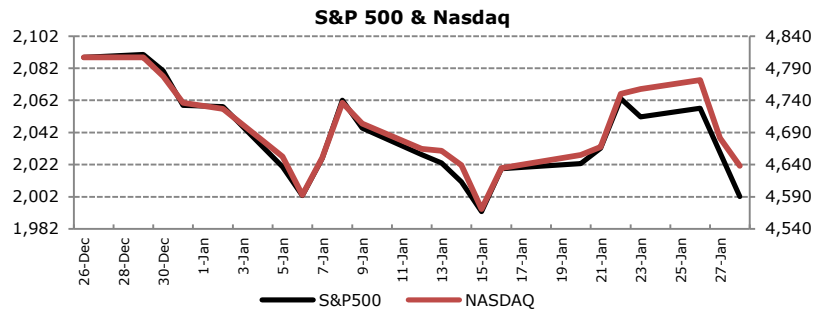
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Intertape Polymer Group I	+4.68%	-9.87%	-5.79%	+57.69%
Cgi Group Inc - Class A	+3.18%	+2.22%	+8.52%	+37.41%
Linamar Corp	+3.14%	+5.90%	-2.76%	+66.81%
Bombardier Inc-B	+2.87%	+8.71%	-27.89%	-26.49%
Dominion Diamond Corp	+2.41%	+1.80%	-1.07%	+26.46%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Legacy Oil + Gas Inc	-14.53%	-5.77%	-32.26%	-73.75%
Canadian Energy Services	-14.37%	-4.79%	-19.53%	-25.88%
Bellatrix Exploration Ltd	-14.05%	-17.36%	-37.16%	-68.73%
Pacific Rubiales Energy C	-12.70%	-8.84%	-56.23%	-79.72%
Lightstream Resources Ltd	-12.66%	-25.81%	-42.26%	-87.21%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
28-Jan	2,002.16	17,191.37	4,637.99
1-day	-1.35%	-1.13%	-0.93%
5-day	-1.47%	-2.07%	-0.63%
1-month	-4.15%	-4.78%	-3.51%
3-months	+0.86%	+1.09%	+1.61%
6-months	+1.17%	+1.23%	+4.34%
12-months	+11.70%	+7.93%	+13.18%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.34%	+0.15%	-3.42%	+9.57%
C. Staples	-1.15%	-2.37%	-2.14%	+16.54%
Energy	-3.87%	-3.02%	-6.79%	-11.16%
Financials	-1.97%	-1.20%	-7.25%	+9.06%
Healthcare	-1.46%	-0.99%	+0.73%	+24.62%
Info Tech	-0.07%	-1.72%	-5.84%	+17.91%
Industrials	-0.94%	-1.25%	-4.67%	+8.23%
Materials	-1.80%	-2.38%	-4.22%	+6.99%
Telecom	-0.59%	-3.85%	-4.01%	+0.16%
Utilities	-0.94%	-0.92%	+0.40%	+27.60%

DJIA Top Performers

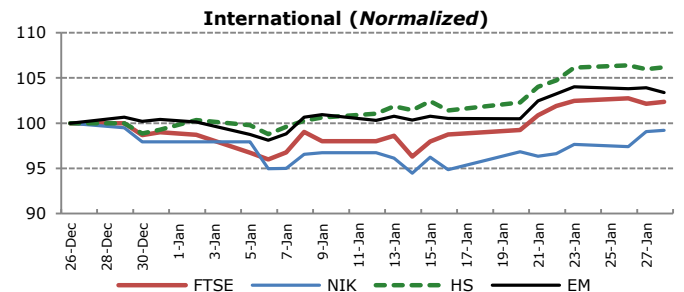
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Boeing Co/The	+5.40%	+5.46%	+6.09%	+4.24%
Caterpillar Inc	+0.20%	-6.28%	-14.39%	-11.02%
3M Co	+0.19%	+0.86%	-1.40%	+29.36%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Chevron Corp	-4.20%	-4.11%	-8.42%	-8.07%
Microsoft Corp	-3.45%	-10.30%	-13.97%	+16.67%
Exxon Mobil Corp	-3.30%	-4.27%	-5.64%	-5.44%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,825.94	17,795.73	24,861.81	984.65
1-day	+0.21%	+0.15%	+0.22%	-0.52%
5-day	+1.46%	+2.98%	+2.09%	+0.88%
1-month	+3.27%	-0.13%	+6.48%	+3.37%
3-months	+6.62%	+16.09%	+5.70%	-0.79%
6-months	+0.56%	+14.59%	+1.77%	-8.76%
12-months	+3.86%	+18.80%	+13.21%	+5.41%



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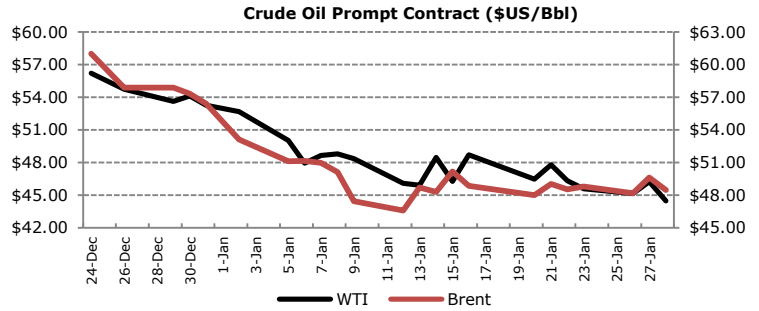
Nymex WTI Crude Oil

(\$US/Bbl)	28-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$44.45	-\$1.78	-3.85%	-6.97%	-18.78%
Cal 15	\$49.03	-\$1.36	-2.69%	-3.94%	-18.10%
Cal 16	\$56.83	-\$0.77	-1.34%	-0.28%	-10.52%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$55.00	\$65.00	\$72.00	\$72.00	\$75.00
Current Forward	\$46.37	\$49.74	\$52.51	\$54.58	\$56.83

Inventory Levels (as of Jan-23)

(MMbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	406,727	+8,874	337,426	319,411
Motor Gas	238,335	-2,587	214,389	200,481
Distillates	132,687	-3,892	171,756	140,851



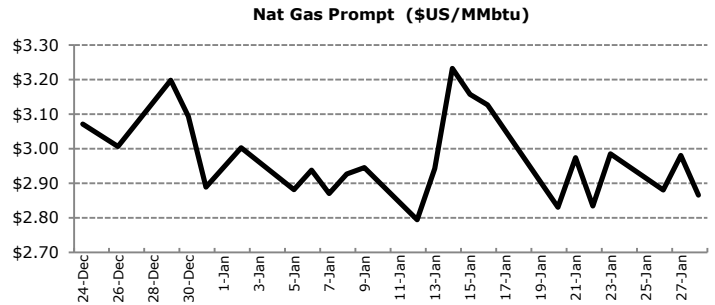
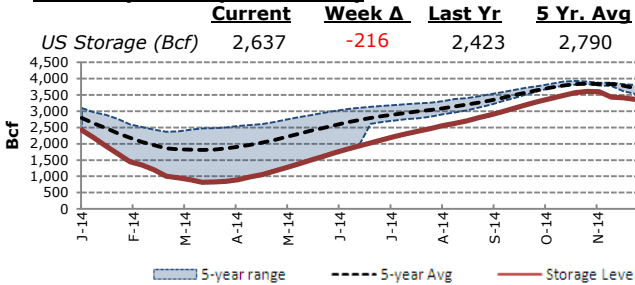
UK Brent Crude Oil

(\$US/Bbl)	28-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$48.47	-\$1.13	-2.33%	-1.14%	-16.26%

Nymex Natural Gas

(\$US/MMbtu)	28-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.87	-\$0.12	-3.86%	-3.63%	-4.69%
Apr15-Oct15	\$2.90	-\$0.10	-3.27%	-2.80%	-18.66%
Nov15-Mar16	\$3.24	-\$0.14	-4.22%	-3.50%	-16.88%
Apr16-Oct16	\$3.31	-\$0.04	-1.28%	-0.54%	-11.92%
Nov16-Mar17	\$3.55	-\$0.09	-2.38%	-1.64%	-9.50%

Inventory Levels (as of Jan-16)

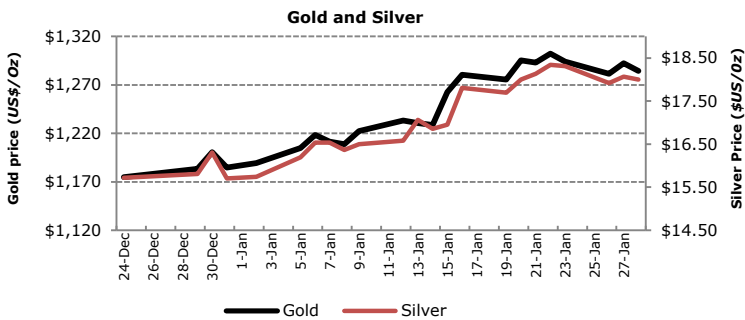


Alberta Natural Gas

(\$CAD/GJ)	28-Jan	day Δ	%Δ
AECO Feb-15	\$2.55	-\$0.09	-3.3%

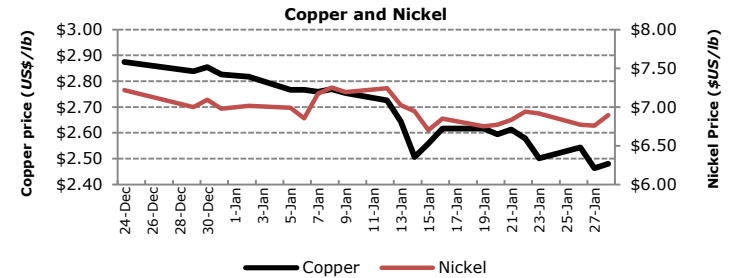
Precious Metals

\$US/oz	28-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,284.49	-\$7.75	-0.6%	-0.7%	+8.6%	+9.9%
Silver	\$18.00	-\$0.07	-0.4%	-0.7%	+13.9%	+12.3%
Platinum	\$1,254	-\$10.00	-0.8%	-1.5%	+4.3%	+2.5%



Industrial Metals

\$US/lb	28-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.48	+\$0.02	+0.7%	-5.1%	-12.6%	-17.9%
Nickel	\$6.90	+\$0.14	+2.0%	+0.9%	-1.5%	-5.6%
Zinc	\$1.05	+\$0.02	+1.8%	+1.4%	#####	-8.4%
Aluminum	\$0.90	+\$0.01	+1.1%	+1.1%	#####	-9.1%
Uranium	\$37.30	+\$0.15	+0.4%	+2.2%	+4.5%	+0.4%



Agriculture & Other

	28-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.73	-\$0.08	-2.1%	-3.8%	-8.2%
Wheat (\$US/bu)	\$5.05	-\$0.14	-2.6%	-5.9%	-16.1%
Soybeans (\$US/bu)	\$9.70	-\$0.04	-0.4%	-1.3%	-7.1%
Rough Rice (\$US/cwt)	\$10.74	-\$0.24	-2.1%	-5.6%	-9.9%
Sugar #11 (¢US/lb)	¢15.16	+¢0.00	+0.0%	-4.8%	+3.8%
Lean Hogs (¢US/lb)	¢74.95	+¢2.90	+4.0%	+1.0%	-10.2%
Live Cattle (¢US/lb)	¢151.50	+¢0.50	+0.3%	-0.2%	-7.4%
Cotton No.2 (\$US/lb)	\$0.59	+\$0.01	+1.1%	+2.5%	-4.1%
Lumber (\$US/Mbft)	\$315.50	+\$3.80	+1.2%	+2.2%	-5.2%

Commodity ETFs

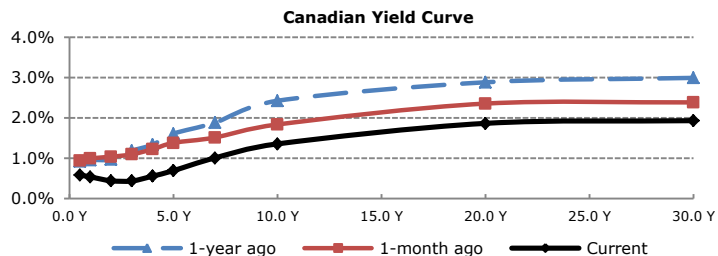
	28-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$7.28	-\$0.60	-7.6%	-13.6%	-35.2%
HBP Nat Gas U	\$4.64	-\$0.17	-3.5%	-7.6%	-22.8%
iShares Gold ETF	\$11.48	-\$0.08	-0.7%	-0.7%	+9.1%
\$USD					
US Crude Oil	\$16.56	-\$0.65	-3.8%	-6.81%	-20.3%
US Nat Gas	\$14.55	-\$0.23	-1.6%	-3.15%	-6.0%
PSDB Agriculture	\$23.40	-\$0.12	-0.5%	-1.85%	-7.2%
PSDB Base Metals	\$14.88	-\$0.12	-0.8%	-2.89%	-6.0%

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Interest Rates

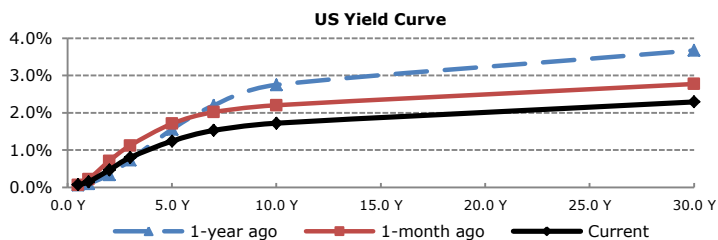
Canadian yield curve

	28-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.60%	-	0.92%	0.89%	0.89%
6-mnth	0.58%	-	0.94%	0.92%	0.92%
12-mnth	0.54%	-0.01%	0.99%	0.98%	0.96%
2-year	0.44%	-0.06%	1.03%	1.04%	0.97%
5-year	0.69%	-0.07%	1.38%	1.54%	1.61%
10-year	1.35%	-0.08%	1.83%	2.05%	2.42%
20-year	1.86%	-0.07%	2.35%	2.55%	2.88%
30-year	1.93%	-0.07%	2.38%	2.59%	2.99%

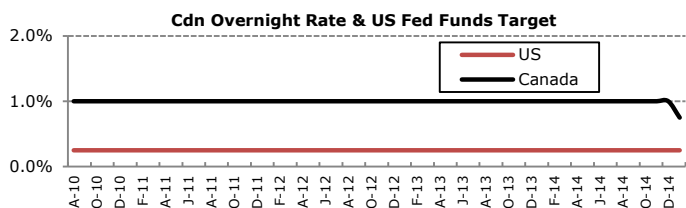


US yield curve

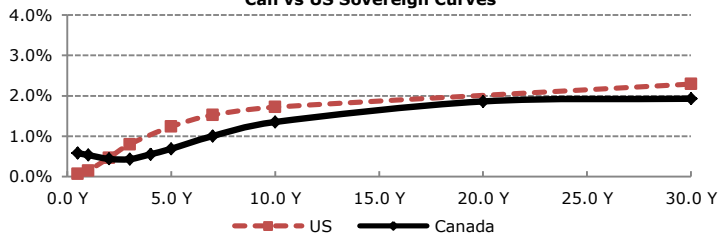
	28-Jan	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-	0.00%	0.01%	0.05%
6-mnth	0.07%	-0.01%	0.07%	0.05%	0.06%
12-mnth	0.15%	-	0.21%	0.10%	0.10%
2-year	0.47%	-0.05%	0.71%	0.47%	0.34%
5-year	1.24%	-0.10%	1.71%	1.57%	1.56%
10-year	1.72%	-0.10%	2.20%	2.31%	2.75%
30-year	2.29%	-0.11%	2.77%	3.05%	3.67%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.75%	1.00%	4-Mar-15	0.70%
US Fed Funds	0.25%	0.25%	18-Mar-15	0.25%



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	28-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.254	+0.014		1.164	1.125	1.115
EURUSD	\$1.129	-0.009		1.215	1.270	1.367
USDJPY	¥117.54	-0.330		120.67	107.82	102.94
GBPUSD	\$1.514	-0.006		1.552	1.612	1.658
AUDUSD	\$0.789	-0.005		0.813	0.880	0.878

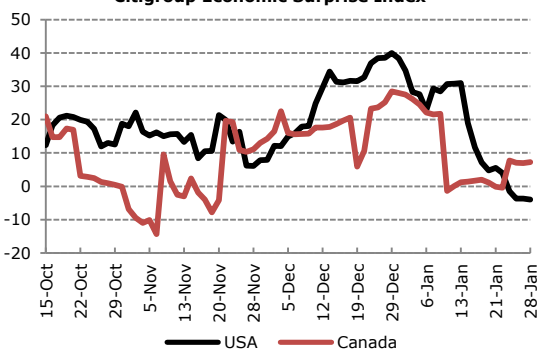
	Spot	28-Jan	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥93.76	-1.303		103.69	95.86	92.30
CADAUD	\$1.012	-0.005		1.057	1.010	1.021
GBP CAD	£1.898	+0.014		1.806	1.813	1.849
EURJPY	¥132.68	-1.470		146.65	136.91	140.73
EURAUD	\$1.43	-0.003		1.49	1.44	1.56

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	Intial Jobless Claims		300K	--	307K
Fri, Jan 30	GDP QoQ (Annualized)		3.1%	--	0%

Citigroup Economic Surprise Index

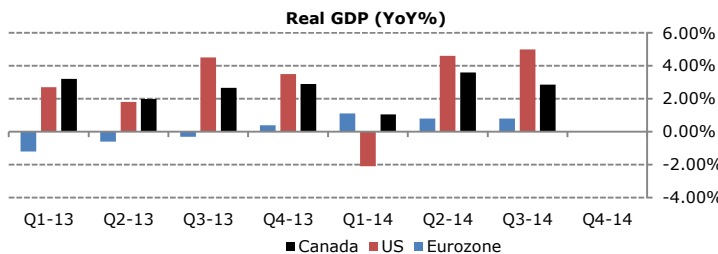


Canada

		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	7.00%	7.00%	6.90%	6.70%	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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