

## Today's Commentary

American markets ended January on a negative note after US fourth quarter 2014 GDP figures came in below expectations, sending the S&P 500 down 26.26 (-1.30%) to 1994.99 and the US 10s yield down 11bps to 1.64%. The Dow also retreated 251.90 points (-1.45%) to 17,164.95. Doubts about the resilience of the world's growth engine sent gold up 2%, recovering most of Thursday's losses. Despite Canadian GDP reportedly dipping into the negative in November, the TSX gained 36.20 (0.25%) to 14,673.48 on the back of a surge in oil in late-day trading on Friday. WTI for March delivery gained 8.3% after it was found 94 US oil rigs were left idle in the past week. Chinese stocks have started the week in the red after PMI data showed the nation's manufacturing sector shrank for the first time in over two years. The impact of the unexpected contraction will likely be felt in markets today via lower commodity prices and further gains in gold.

Canadian GDP released on Friday showed a contraction of 0.2% in November, undercutting forecasts of 0.3% growth and shrinking the most in 11 months. According to statistics Canada, manufacturing output fell by 1.9%, mining output dropped 2.5%, and oil and gas extraction lost 0.7%, while the utilities sector output gained 2.4%. This has increased speculation that the central bank will cut interest rates further, pushing the yield on Canadian 10s down 11bps to 1.25%. The news further depreciated the dollar, which fell for the 10<sup>th</sup> week in a row. The Canadian dollar lost 0.9% to 1.2799 CAD per USD, and is now at its weakest since March 2009. The IMF also lowered its growth expectations for Canada to 2.3% from 2.4% on Friday, citing low oil prices and high household debts as headwinds facing the Canadian economy.

China's Shanghai Composite Index (SSE) fell 1.9% today, its most in 2 weeks, in response to the negative manufacturing reading. The government's Purchasing Managers' Index dropped to 49.8 in January from 50.1 in December, signalling its first contraction in over two years. The decline comes as another concern to investors who have already been hit by the Chinese government's decision to increase regulation surrounding margin lending. The SSE has lost 6.8% over the last 5 trading days, with Friday capping its largest weekly loss in a year. After lowering interest rates in November, it is expected that the PBOC will partake in further economic easing actions as new data continues to indicate slowing in the Chinese economy. ANZ bank economists anticipate that the PBOC will lower the required reserve ratio for banks by 50bps, as well as reduce the deposit rate by 25bps in the first quarter of this year.

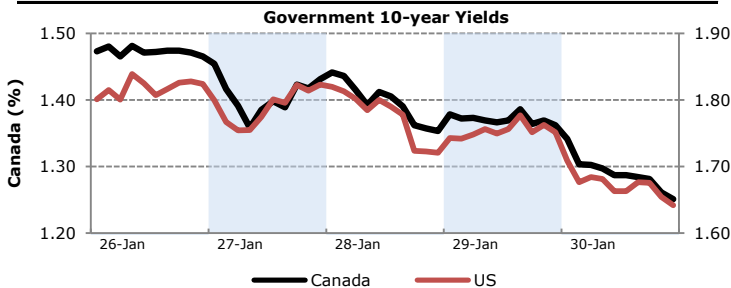
*The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glocheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.*

## Today's Major Economic Releases

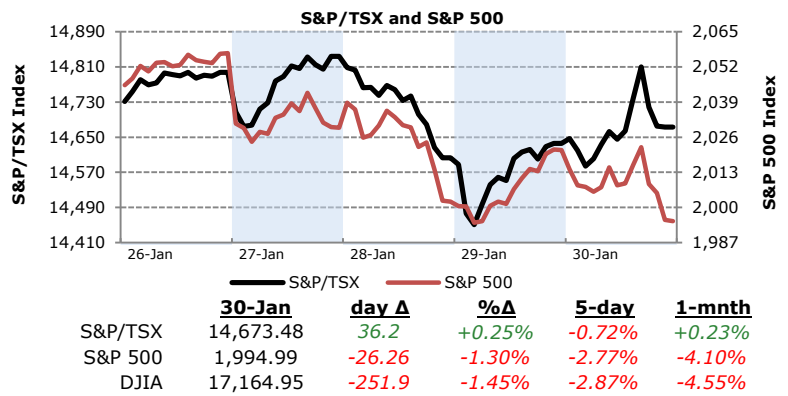
United States	Period	Survey	Actual	Prior
Personal Income		0.2%	0.3%	0.4%
ISM Manufacturing		54.9	--	55.5
Factory Orders		-2.4%	--	-0.7%

Canada	Period	Survey	Actual	Prior
None Scheduled				

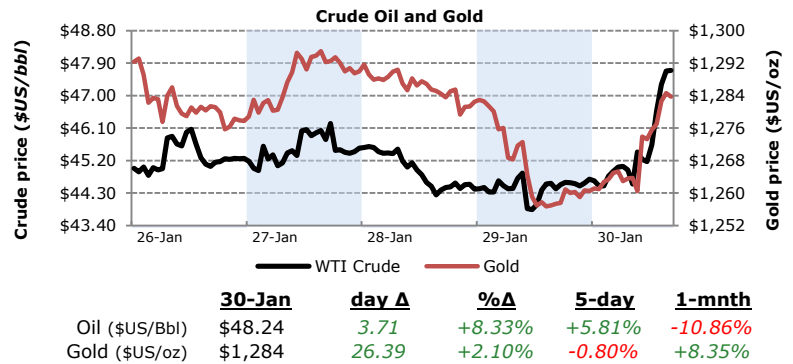
## Interest Rates



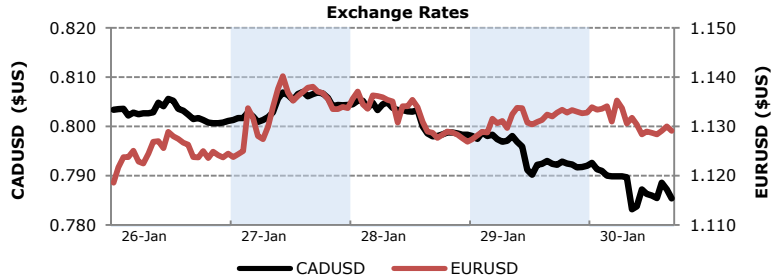
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	30-Jan	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.273		+0.012	1.242	1.162	1.116
EURUSD	\$1.129		-0.003	1.120	1.210	1.356
USDJPY	¥117.49		-0.800	117.770	119.78	102.72

Government 10-year Yields

	30-Jan	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.25%	-0.111%	1.79%	2.05%	2.37%
United States	1.64%	-0.111%	2.17%	2.34%	2.69%

## 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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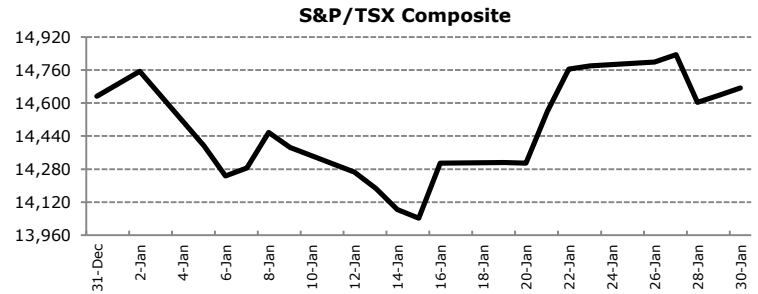
## Rotman Finance Association



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>

	<b>30-Jan</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	14,673.48	36.2	+0.25%
<b>Trailing S&amp;P/TSX</b>			
5-day		-0.72%	-0.81%
1-month		+0.23%	+0.18%
3-months		+1.49%	+2.09%
6-months		-5.48%	-4.38%
12-months		+6.83%	+8.70%



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.17%	-0.19%	+0.01%	+26.14%
C. Staples	+0.23%	+3.67%	+3.71%	+48.09%
Energy	+4.69%	-0.17%	-2.36%	-19.92%
Financials	-2.23%	-3.83%	-8.42%	+3.03%
Healthcare	-0.46%	-0.08%	+10.76%	+16.92%
Info Tech	+0.89%	+0.34%	+4.43%	+30.47%
Industrials	-1.04%	-0.74%	-2.50%	+15.08%
Materials	+2.97%	+3.06%	+15.32%	+0.81%
Metals & Mining	+4.21%	+0.91%	-10.81%	-26.67%
Telecom	-0.18%	-1.76%	+1.65%	+9.39%
Utilities	+0.10%	+1.20%	+6.83%	+15.09%

### TSX Top Performers

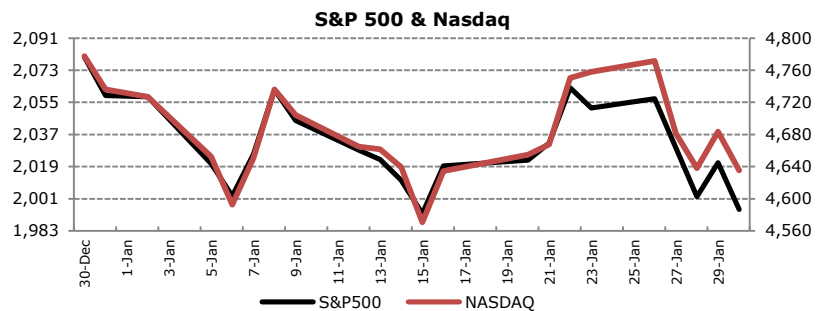
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Lightstream Resources Ltd		+16.92%	-11.63%	-33.91%	-87.46%
Canadian Oil Sands Ltd		+14.68%	-1.01%	-25.24%	-60.93%
Nuvista Energy Ltd		+11.56%	+8.35%	-2.72%	-13.77%
Surge Energy Inc		+10.30%	+0.00%	-29.40%	-58.68%
Bankers Petroleum Ltd		+9.77%	+2.82%	-6.71%	-32.41%

### 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>
Eldorado Gold Corp		-13.11%	-13.35%	-13.60%	-14.33%
Autocanada Inc		-6.87%	-15.37%	-27.72%	-16.97%
Newalta Corp		-5.76%	-12.08%	-24.33%	-19.65%
Sierra Wireless Inc		-4.41%	-3.85%	-17.17%	+96.83%
Bank Of Montreal		-4.33%	-7.02%	-11.09%	+5.13%

### US Indices

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing 30-Jan	1,994.99	17,164.95	4,635.24
1-day	-1.30%	-1.45%	-1.03%
5-day	-2.77%	-2.87%	-2.58%
1-month	-4.10%	-4.55%	-2.98%
3-months	+0.02%	-0.18%	+1.51%
6-months	+1.26%	+1.69%	+3.86%
12-months	+11.19%	+8.31%	+12.42%



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.08%	-1.33%	-3.48%	+9.88%
C. Staples	-1.88%	-3.47%	-2.48%	+17.16%
Energy	+0.74%	-1.82%	-5.60%	-9.95%
Financials	-1.62%	-3.28%	-8.12%	+8.01%
Healthcare	-1.53%	-2.45%	+0.18%	+22.67%
Info Tech	-1.43%	-4.11%	-5.06%	+16.85%
Industrials	-1.62%	-2.52%	-4.68%	+7.92%
Materials	-0.45%	-1.21%	-2.97%	+6.97%
Telecom	-0.55%	-2.36%	-3.44%	+0.19%
Utilities	-2.24%	-1.75%	+0.46%	+24.66%

### DJIA Top Performers

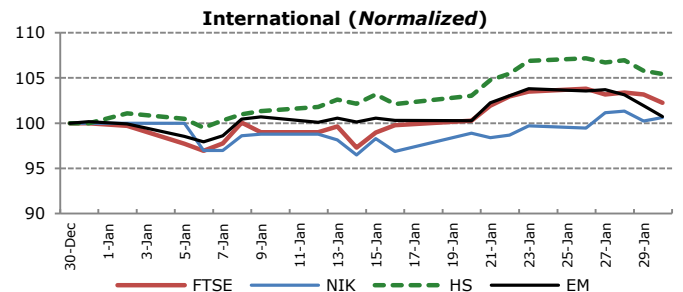
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Visa Inc-Class A Shares		+2.79%	-1.31%	-3.64%	+15.41%
Caterpillar Inc		-0.04%	-6.59%	-13.63%	-14.20%
At&T Inc		-0.12%	-1.35%	-3.40%	-1.29%

### 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>
Microsoft Corp		-3.83%	-14.37%	-14.08%	+9.57%
Intel Corp		-3.42%	-9.34%	-10.12%	+33.55%
Cisco Systems Inc		-3.14%	-6.54%	-7.03%	+19.95%

### International Markets

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing Last Close	6,749.40	17,674.39	24,507.05	961.61
1-day	-0.90%	+0.39%	-0.36%	-1.19%
5-day	-1.22%	+0.93%	-1.38%	-2.95%
1-month	+3.09%	+1.28%	+4.28%	+0.74%
3-months	+4.42%	+12.88%	+3.40%	-4.56%
6-months	-0.35%	+12.96%	-0.91%	-10.86%
12-months	+3.23%	+17.77%	+11.22%	+2.70%



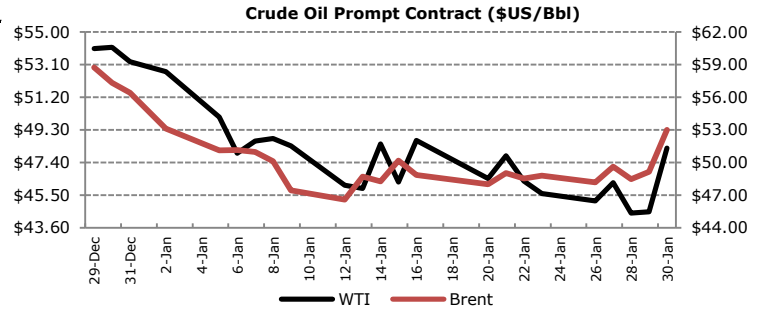
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### Nymex WTI Crude Oil

(\$US/Bbl)	30-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$48.24	+\$3.71	+8.33%	+5.81%	-10.86%
Cal 15	\$52.68	+\$3.52	+7.16%	+6.09%	-9.08%
Cal 16	\$60.18	+\$3.04	+5.31%	+6.04%	-2.35%

(\$US/bbl)	Q2-15	Q3-15	Q4-15	Q1-16	2016
Consensus Forecast	\$54.00	\$64.00	\$70.75	\$72.00	\$74.00
Current Forward	\$50.09	\$53.40	\$56.02	\$57.99	\$60.18



### Inventory Levels (as of Jan-23)

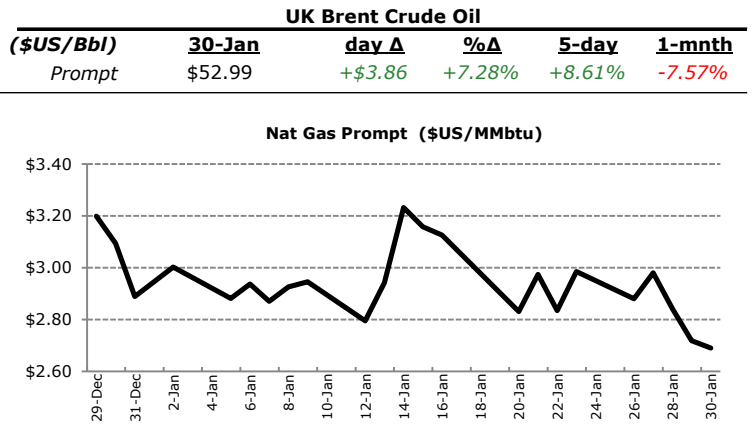
(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	406,727	+8,874	337,426	319,411
Motor Gas	238,335	-2,587	214,389	200,481
Distillates	132,687	-3,892	171,756	140,851

### UK Brent Crude Oil

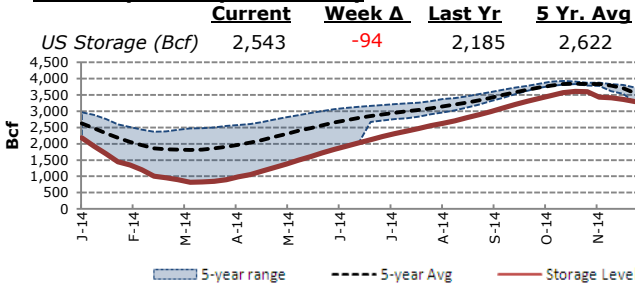
(\$US/Bbl)	30-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$52.99	+\$3.86	+7.28%	+8.61%	-7.57%

### Nymex Natural Gas

(\$US/MMbtu)	30-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.69	-\$0.03	-1.03%	-9.88%	-13.03%
Apr15-Oct15	\$2.78	-\$0.03	-1.19%	-7.61%	-19.45%
Nov15-Mar16	\$3.19	-\$0.04	-1.13%	-5.52%	-15.87%
Apr16-Oct16	\$3.20	-\$0.04	-1.12%	-4.08%	-13.10%
Nov16-Mar17	\$3.57	-\$0.02	-0.62%	-1.26%	-7.17%



### Inventory Levels (as of Jan-23)

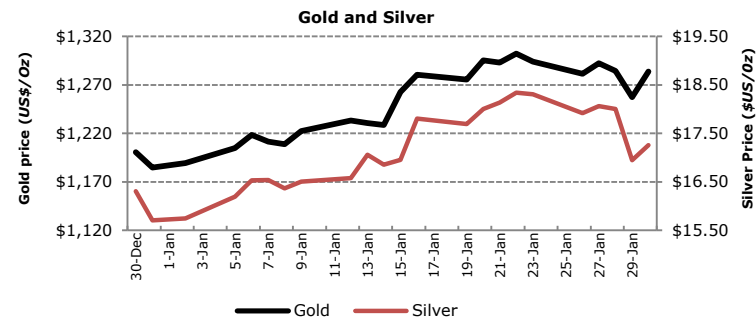


### Alberta Natural Gas

(\$CAD/GJ)	30-Jan	day Δ	%Δ
AECO Mar-15	\$2.46	+\$0.01	+0.4%

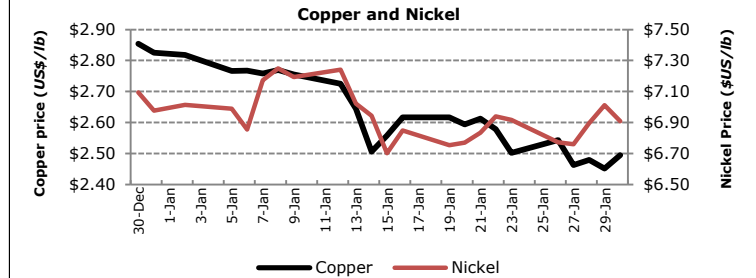
### Precious Metals

\$US/oz	30-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,283.77	+\$26.39	+2.1%	-0.8%	+8.3%	+12.4%
Silver	\$17.26	+\$0.31	+1.8%	-5.7%	+9.9%	+11.9%
Platinum	\$1,241	+\$20.55	+1.7%	-2.1%	+2.7%	+3.9%



### Industrial Metals

\$US/lb	30-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.49	+\$0.04	+1.8%	-0.3%	-11.7%	-17.3%
Nickel	\$6.91	-\$0.10	-1.5%	-0.1%	-1.0%	-1.8%
Zinc	\$1.03	-\$0.02	-1.5%	-2.8%	-3.0%	-6.4%
Aluminum	\$0.89	-\$0.01	-1.1%	-2.2%	0.0%	-10.1%
Uranium	\$37.25	-\$0.20	-0.5%	+0.7%	+5.7%	-4.5%



### Agriculture & Other

	30-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.70	-\$0.01	-0.4%	-4.3%	-6.8%
Wheat (\$US/bu)	\$5.03	-\$0.05	-1.0%	-5.1%	-14.8%
Soybeans (\$US/bu)	\$9.61	-\$0.07	-0.7%	-1.2%	-6.1%
Rough Rice (\$US/cwt)	\$10.57	-\$0.29	-2.7%	-4.0%	-10.0%
Sugar #11 (¢US/lb)	¢14.79	¢0.06	-0.4%	-2.5%	+1.9%
Lean Hogs (¢US/lb)	¢72.25	¢0.95	-1.3%	+2.3%	-13.2%
Live Cattle (¢US/lb)	¢152.28	¢1.78	+1.2%	+2.3%	-6.2%
Cotton No.2 (\$US/lb)	\$0.59	-\$0.00	-0.4%	+3.6%	-1.5%
Lumber (\$US/Mbft)	\$321.80	+\$0.00	+0.0%	+3.3%	-2.0%

### Commodity ETFs

	30-Jan	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$8.38	+\$1.01	+13.7%	+9.0%	-26.0%
HBP Nat Gas U	\$4.10	-\$0.11	-2.6%	-17.0%	-19.1%
iShares Gold ETF	\$11.44	+\$0.20	+1.8%	-0.5%	+8.6%
<b>\$USD</b>					
US Crude Oil	\$17.82	+\$1.14	+6.8%	4.82%	-12.2%
US Nat Gas	\$13.67	-\$0.21	-1.5%	-8.68%	-13.0%
PSDB Agriculture	\$23.14	-\$0.06	-0.3%	-1.45%	-7.7%
PSDB Base Metals	\$15.09	+\$0.30	+2.0%	1.21%	-5.9%

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## Interest Rates

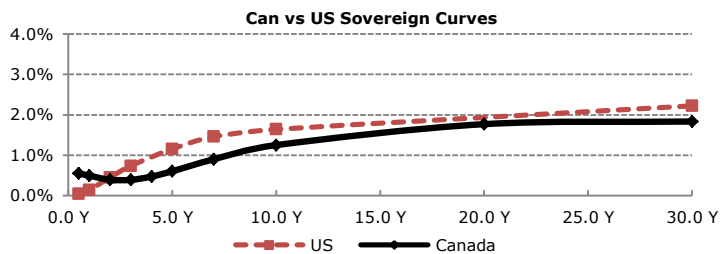
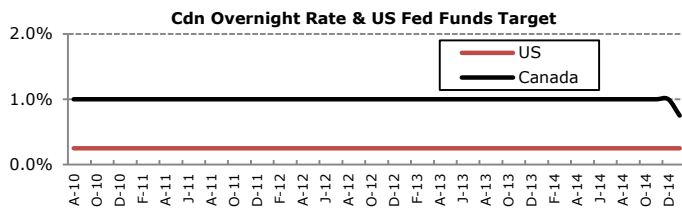
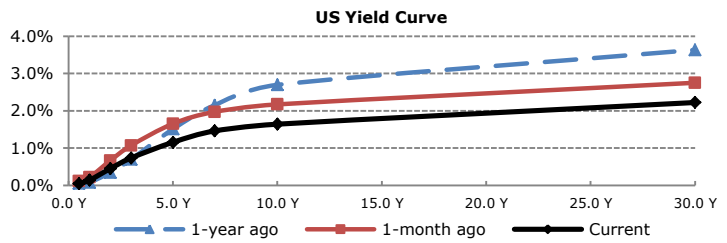
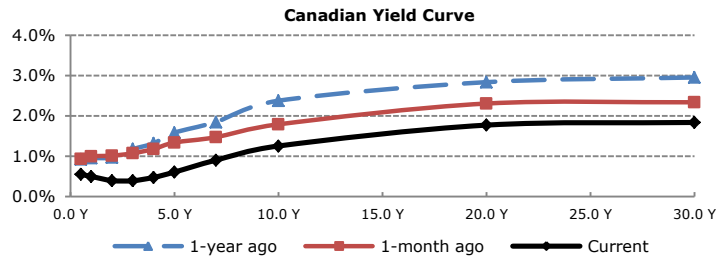
### Canadian yield curve

	<b>30-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.58%	-0.02%	0.91%	0.89%	0.89%
6-mnth	0.55%	-0.02%	0.93%	0.92%	0.92%
12-mnth	0.50%	-0.04%	0.99%	0.98%	0.95%
2-year	0.39%	-0.06%	1.01%	1.02%	0.97%
5-year	0.60%	-0.10%	1.34%	1.54%	1.58%
10-year	1.25%	-0.11%	1.79%	2.05%	2.37%
20-year	1.77%	-0.11%	2.30%	2.56%	2.83%
30-year	1.83%	-0.11%	2.34%	2.59%	2.95%

### US yield curve

	<b>30-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.00%	-0.01%	0.04%	0.01%	0.02%
6-mnth	0.05%	-0.02%	0.12%	0.05%	0.06%
12-mnth	0.14%	-0.01%	0.21%	0.09%	0.08%
2-year	0.45%	-0.07%	0.66%	0.49%	0.34%
5-year	1.15%	-0.12%	1.65%	1.61%	1.51%
10-year	1.64%	-0.11%	2.17%	2.34%	2.69%
30-year	2.22%	-0.09%	2.75%	3.07%	3.63%

	<b>Current</b>	<b>Prior</b>	<b>Next Meeting</b>	<b>Survey</b>
Cdn Overnight	0.75%	1.00%	4-Mar-15	0.75%
US Fed Funds	0.25%	0.25%	18-Mar-15	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

	<b>Spot</b>	<b>30-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.273	+0.012		1.162	1.118	1.116
EURUSD	\$1.129	-0.003		1.210	1.263	1.356
USDJPY	¥117.49	-0.800		119.78	108.89	102.72
GBPUSD	\$1.506	-0.001		1.558	1.601	1.649
AUDUSD	\$0.776	+0.000		0.818	0.880	0.879

	<b>Spot</b>	<b>30-Jan</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥92.28	-1.479		103.05	97.37	92.06
CADAUD	\$1.012	-0.009		1.053	1.016	1.019
GBPCAD	£1.918	+0.017		1.810	1.791	1.840
EURJPY	¥132.65	-1.250		144.85	137.56	139.23
EURAUD	\$1.45	-0.004		1.48	1.44	1.54

## Economic Releases

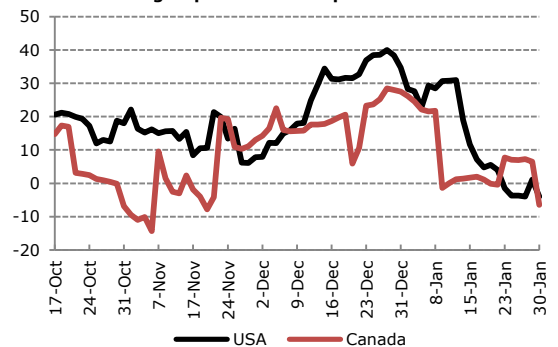
### United States

	<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Mon, Feb 02	Personal Income	0.2%	0.3%	0.4%
Mon, Feb 02	ISM Manufacturing	54.5	55.5	58.7
Tue, Feb 03	Factory Orders	-2.4%	--	-0.7%
Wed, Feb 04	ADP Employment Change	225K	--	241K
Thu, Feb 05	Continuing Claims	2400K	--	2385K
Thu, Feb 05	Initial Jobless Claims	290K	--	307K
Thu, Feb 05	Trade Balance	-38B	--	-39B
Fri, Feb 06	Unemployment Rate	5.6%	--	5.6%

### Canada

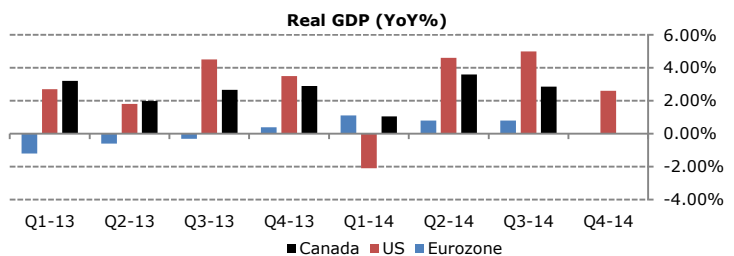
	<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Fri, Feb 06	Building Permits (MoM)	5%	--	-13.8%
Fri, Feb 06	Net Change in Employment	5K	--	-4.3K
Fri, Feb 06	Unemployment	6.7%	--	6.6%

### Citigroup Economic Surprise Index



## Economics

	<b>Q1-14</b>	<b>Q2-14</b>	<b>Q3-14</b>	<b>Q4-14</b>	<b>2013E</b>
<b>Canada</b>					
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%
<b>US</b>					
Real GDP	-2.10%	4.60%	5.00%	2.60%	1.90%
CPI	1.40%	2.07%	1.80%	1.27%	1.50%
Unemployment	6.60%	6.10%	5.90%	5.60%	7.40%
<b>China</b>					
Real GDP	7.40%	7.50%	7.30%	7.30%	7.70%



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