

Commentary

Equity markets sold off yesterday, with the S&P 500 and Dow falling 1.09% and 1.38% respectively to 1,882.95 and 15,944.46. Following December's interest rate hike, the Federal Open Market Committee left interest rates unchanged yesterday while reiterating their intention to gradually raise rates when the economy is strong enough. It was a unanimous decision to leave the target range for the federal funds rate at 0.25% to 0.5%. They are closely monitoring global economic and financial developments, and analyzing their implications on the American labour market and price level. Since their December hike, volatility in financial markets and turmoil in global growth prospects have pushed back investors' expectations of further rate hikes. Slightly ahead of the FOMC statement, futures markets priced in just one or two hikes coming in 2016. The Fed projected inflation to rise to 2% over the medium term, but is expected to remain low in the short-term, partially due to the slump in oil prices. In the data front, US initial jobless claims for the week came in at 278k jobs, lower than the expected 281k. December durable goods orders in the United States declined much lower than expected at -5.1% compared to the expected -0.7%.

Laurence D. Fink, chairman of Blackrock Inc., believes that as many as 400 energy companies may fail to survive the current low oil price environment. A squeeze in cash flow has seriously threatened debt serviceability for many firms; firms that have restrictive debt covenants. Although Fink did not reveal any forecasts of the oil price, he did state his belief that "carbons are going to be cheaper for longer". Fink reiterated that while crude's slump will hurt energy firms, four billion humans are benefiting from lower fuel and heating prices. Whether Fink's prediction of casualties in the energy sector holds true or not, keep an eye for increased deal flow in the energy sector. Fink briefly shared opinions on China and Japan as well, stating that China "is frightened of the future," with the wealthiest desperately trying to move capital out of the country, and that Japan's economy would grow at 1 percent to 1.5 percent this year.

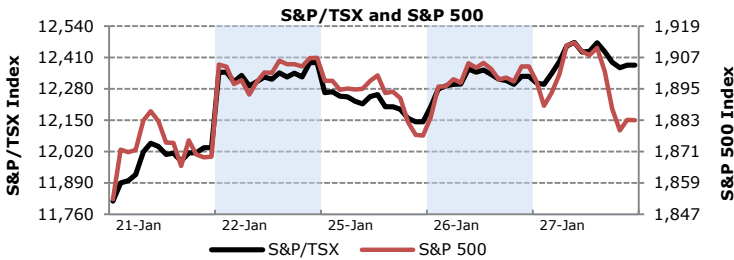
The IMF and World Bank officials will be heading to Azerbaijan to discuss about the possibility of a \$4bn loan package. Emerging markets have been under extreme stress due to oil prices remaining at historical lows. This loan package may be the first of many bailout packages, as the IMF and World Bank attempt to help struggling emerging markets from the recent commodity slump. The World Bank predicted that oil prices would remain low in 2016, with an average estimate of \$37 per barrel. Oil dependent emergings are suffering currency pressures, government budget problems, and are becoming more prone to defaults. Emerging countries are taking different measures to minimize the consequences of low oil prices on their economies. Last week, the former Soviet republic became one of the first countries to impose capital controls in response to oil prices.

Major Economic Releases

United States	Period	Survey	Actual	Prior	Canada	Period	Survey	Actual	Prior
Durable Goods Orders	Dec	-0.7%	-5.1%	0.0%	None Scheduled				
Continuing Claims	16-Jan	2218K	2268K	2208K					
Initial Jobless Claims	23-Jan	281K	278K	293K					

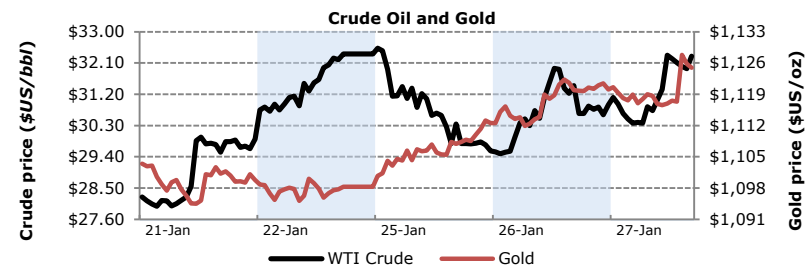
Market Movements

Equities



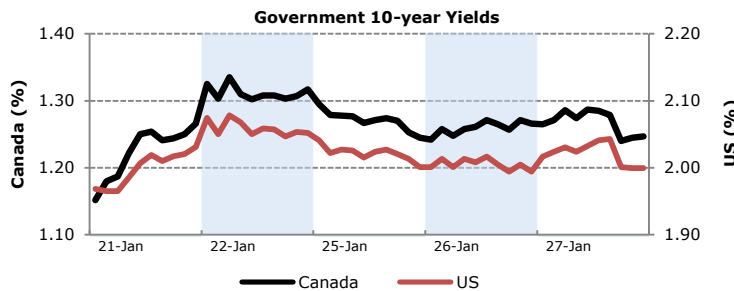
	27-Jan	day Δ	%Δ	5-day	1-mnth
S&P/TSX	12,377.77	46.45	+0.38%	+4.51%	-7.00%
S&P 500	1,882.95	-20.68	-1.09%	+1.27%	-8.64%
DJIA	15,944.46	-222.77	-1.38%	+1.13%	-9.16%

Commodities



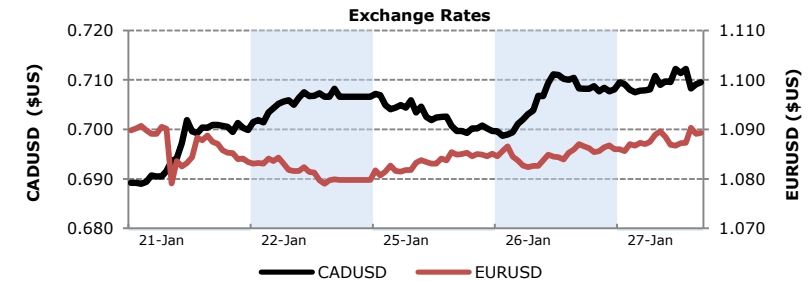
	27-Jan	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$32.30	0.85	+2.70%	+13.93%	-14.71%
Gold (\$US/oz)	\$1,125	5.03	+0.45%	+2.18%	

Interest Rates



	Government 10-year Yields				
	27-Jan	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.25%	-0.019%	1.38%	1.55%	1.43%
United States	2.00%	0.005%	2.23%	2.17%	1.82%

Foreign Exchange



	Exchange Rates				
	Spot	27-Jan	day Δ	-5 days	-1 mnth
USDCAD	\$1.406	\$1.406	-0.001	1.458	1.384
EURUSD	\$1.087	\$1.087	+0.003	1.092	1.093

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>

Canadian Indices

TSX	27-Jan	day Δ	%Δ
	12,377.77	46.45	+0.38%
Trailing	S&P/TSX	TSX 60	
5-day	+4.51%	+4.66%	
1-month	-7.00%	-7.24%	
3-months	-9.65%	-10.00%	
6-months	-11.60%	-12.00%	
12-months	-16.56%	-16.06%	

Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.87%	+0.31%	-8.95%	-11.35%
C. Staples	-0.84%	+3.32%	-1.81%	+8.39%
Energy	+1.47%	+11.36%	-10.44%	-32.10%
Financials	+1.32%	+4.25%	-7.12%	-6.80%
Healthcare	-2.57%	+1.24%	-15.39%	-4.14%
Info Tech	+0.22%	+2.60%	-6.66%	+2.80%
Industrials	-0.25%	+2.85%	-7.71%	-19.24%
Materials	+1.15%	+3.03%	-8.68%	-35.87%
Metals & Mining	-0.42%	-0.63%	-31.76%	-57.80%
Telecom	-2.22%	+1.15%	-1.39%	+0.61%
Utilities	+1.00%	+6.71%	-0.67%	-11.53%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
27-Jan	1,882.95	15,944.46	4,468.17
1-day	-1.09%	-1.38%	-2.18%
5-day	+1.27%	+1.13%	-0.08%
1-month	-8.64%	-9.16%	-11.50%
3-months	-8.86%	-9.31%	-11.17%
6-months	-8.93%	-8.58%	-11.34%
12-months	-7.22%	-8.30%	-4.56%

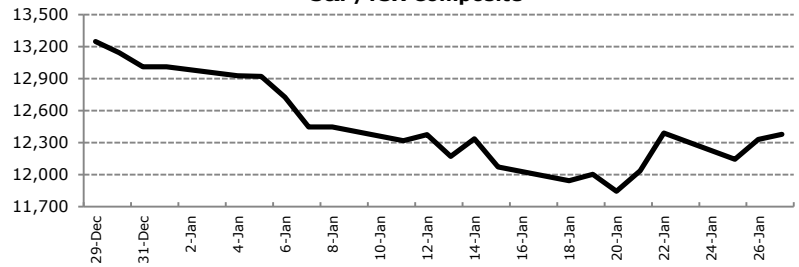
S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-1.51%	+1.82%	-7.83%	+2.41%
C. Staples	-0.10%	+2.05%	-3.36%	+0.02%
Energy	-0.64%	+5.67%	-10.48%	-28.61%
Financials	-0.39%	+0.69%	-12.34%	-10.69%
Healthcare	-1.10%	+0.00%	-7.66%	-5.46%
Info Tech	-2.46%	+0.13%	-10.29%	-2.27%
Industrials	-1.09%	+0.75%	-9.54%	-11.13%
Materials	-0.82%	+0.28%	-14.75%	-21.45%
Telecom	+0.83%	+7.39%	+2.60%	+3.27%
Utilities	+0.19%	+1.81%	+0.75%	-11.05%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,990.37	17,163.92	19,052.45	715.98
1-day	+1.33%	+2.72%	+1.02%	+1.08%
5-day	+5.58%	+4.55%	+0.88%	+3.35%
1-month	-4.23%	-8.55%	-13.94%	-10.95%
3-months	-5.89%	-8.59%	-17.67%	-17.01%
6-months	-7.91%	-15.66%	-21.76%	-19.79%
12-months	-12.06%	-3.40%	-23.20%	-27.67%

S&P/TSX Composite



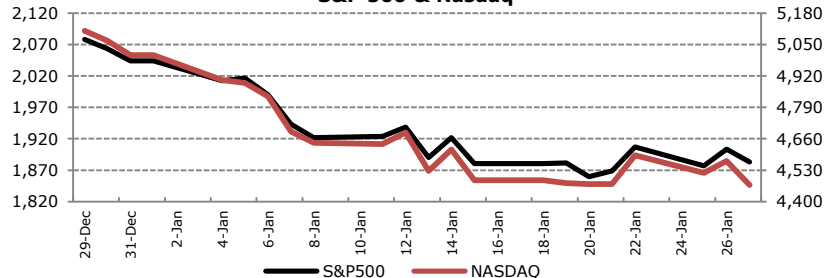
TSX Top Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Alamos Gold Inc-Class A	+8.56%	+30.59%	-9.94%	-38.42%
Precision Drilling Corp	+7.57%	+14.90%	-20.45%	-33.48%
Iamgold Corp	+7.07%	+15.22%	+2.91%	-41.27%
Pengrowth Energy Corp	+6.67%	+18.52%	-12.73%	-72.96%
Oceanagold Corp	+6.50%	+13.46%	+7.66%	+4.24%

TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Rogers Communications Inc	-5.39%	-2.04%	-0.76%	+7.67%
Concordia Healthcare Corp	-4.58%	-5.54%	-30.76%	-23.55%
Cae Inc	-4.31%	-4.18%	-8.20%	-10.91%
Valeant Pharmaceuticals I	-4.09%	+2.49%	-15.53%	-33.25%
Descartes Systems Grp/The	-4.07%	-3.01%	-11.18%	+35.41%

S&P 500 & Nasdaq



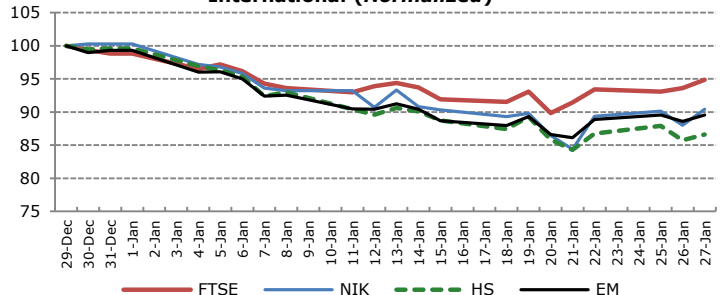
DJIA Top Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Verizon Communications In	+1.62%	+10.38%	+4.97%	+5.78%
Johnson & Johnson	+0.97%	+6.69%	-1.50%	+0.07%
3M Co	+0.53%	+6.27%	-3.73%	-11.05%

DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Boeing Co/The	-8.93%	-4.55%	-18.78%	-12.00%
Apple Inc	-6.57%	-3.48%	-13.52%	-14.40%
Du Pont (E.I.) De Nemours	-3.74%	-2.52%	-22.50%	-25.98%

International (Normalized)



Oil & Gas

Nymex WTI Crude Oil

(\$US/Bbl)	27-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$32.30	+\$0.85	+2.70%	+13.93%	-14.71%
Cal 16	\$36.75	+\$0.87	+2.41%	+13.54%	-13.32%
Cal 17	\$41.62	+\$0.87	+2.13%	+12.41%	-11.42%

(\$US/bbl)	Q2-16	Q3-16	Q4-16	Q1-17	2017
Consensus Forecast	\$38.00	\$43.00	\$48.85	\$49.00	\$54.00
Current Forward	\$34.98	\$37.62	\$39.12	\$40.32	\$41.62

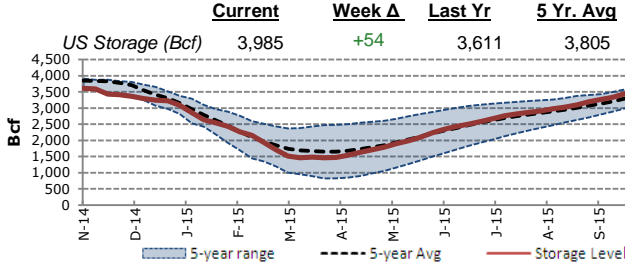
Inventory Levels (as of Jan-08)

(Mbbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	482,558	+234	337,426	319,411
Motor Gas	240,434	+8,438	214,389	200,481
Distillates	165,554	+6,136	171,756	140,851

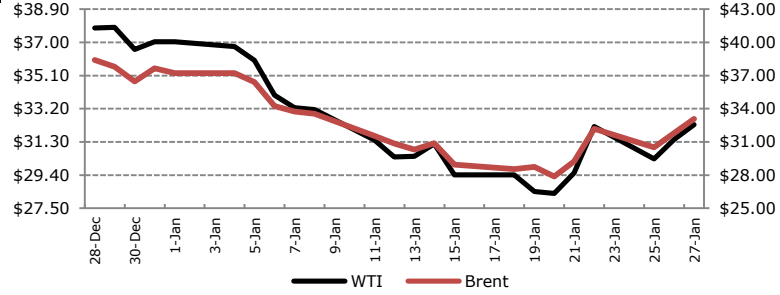
Nymex Natural Gas

(\$US/MMbtu)	27-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.19	+\$0.01	+0.41%	+3.35%	-7.64%
Apr16-Oct16	\$2.32	-\$0.06	-2.46%	-1.39%	+5.39%
Nov16-Mar17	\$2.66	-\$0.08	-2.78%	-2.55%	+3.23%
Apr17-Oct17	\$2.67	+\$0.00	+0.17%	+0.04%	+3.02%
Nov17-Mar18	\$2.88	-\$0.05	-1.59%	-1.70%	+4.47%

Inventory Levels (as of Nov-06)



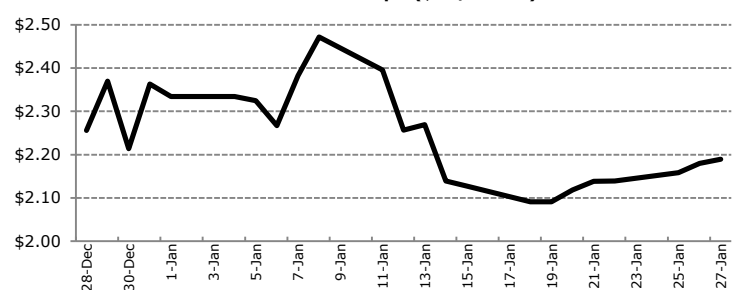
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	27-Jan	day Δ	%Δ	5-day	1-mnth
Prompt	\$33.10	+\$1.30	+3.93%	+18.72%	-12.41%

Nat Gas Prompt (\$US/MMbtu)



Alberta Natural Gas

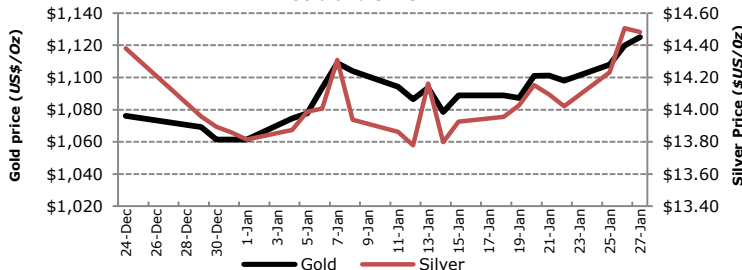
(\$CAD/GJ)	27-Jan	day Δ	%Δ
AECO Feb-16	\$2.27	+\$0.01	+0.4%

Other Commodities

Precious Metals

\$US/oz	27-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,124.95	+\$5.03	+0.4%	+2.2%	+0.6%	
Silver	\$14.48	-\$0.02	-0.2%	+2.3%	-5.2%	
Platinum	\$881	+\$6.65	+0.8%	+7.4%	-8.5%	

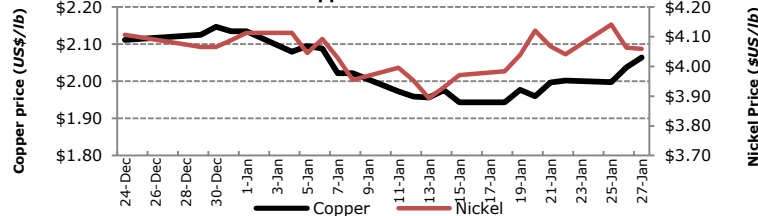
Gold and Silver



Industrial Metals

\$US/lb	27-Jan	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.06	+\$0.03	+1.3%	+5.3%	-11.4%	
Nickel	\$4.06	-\$0.00	-0.1%	-1.5%	-14.4%	
Zinc	\$0.79	+\$0.02	+2.2%	+1.7%	-6.5%	
Aluminum	\$0.73	+\$0.00	0.0%	-1.4%	+1.4%	
Uranium	\$34.75	+\$0.00	0.0%	0.0%	-3.5%	

Copper and Nickel



Agriculture & Other

	27-Jan	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.69	+\$0.00	+0.0%	+0.1%	+1.9%
Wheat (\$US/bu)	\$4.77	-\$0.08	-1.7%	+1.1%	+0.2%
Soybeans (\$US/bu)	\$8.83	+\$0.06	+0.7%	+1.0%	+2.0%
Rough Rice (\$US/cwt)	\$11.27	+\$0.19	+1.7%	+3.9%	-5.6%
Sugar #11 (#US/lb)	¢13.58	-¢0.44	-3.1%	-4.2%	-8.1%
Lean Hogs (#US/lb)	¢70.48	+¢0.88	+1.3%	+5.1%	+7.0%
Live Cattle (#US/lb)	¢135.25	+¢1.85	+1.4%	+5.5%	-1.0%
Cotton No.2 (\$US/lb)	\$0.61	-\$0.01	-0.9%	-1.8%	-4.7%
Lumber (\$US/Mbft)	\$242.70	+\$6.50	+2.8%	+1.8%	-4.7%

Commodity ETFs

	27-Jan	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$3.34	+\$0.29	+9.5%	+22.3%	-36.6%
HBP Nat Gas U	\$12.02	-\$0.05	-0.4%	+1.1%	-16.6%
iShares Gold ETF	\$9.96	+\$0.07	+0.7%	+2.9%	+6.2%
\$USD					
US Crude Oil	\$9.18	+\$0.21	+2.3%	11.41%	
US Nat Gas	\$7.88	-\$0.02	-0.3%	0.38%	
PSDB Agriculture	\$20.10	-\$0.03	-0.1%	1.57%	
PSDB Base Metals	\$11.71	+\$0.15	+1.3%	4.74%	

Interest Rates

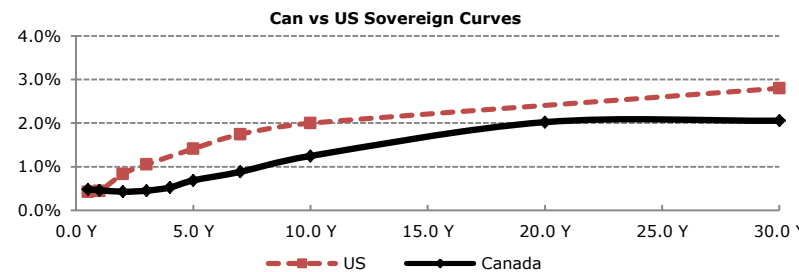
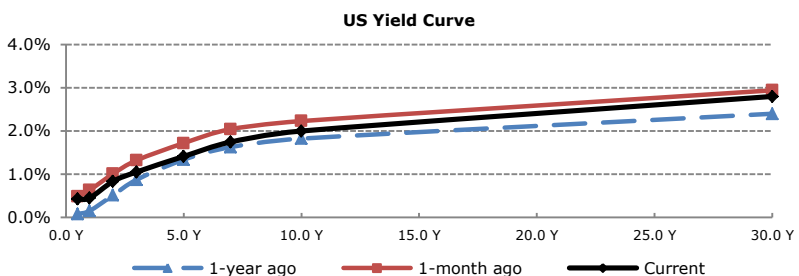
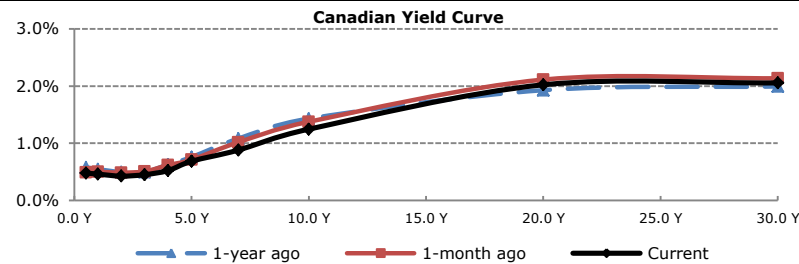
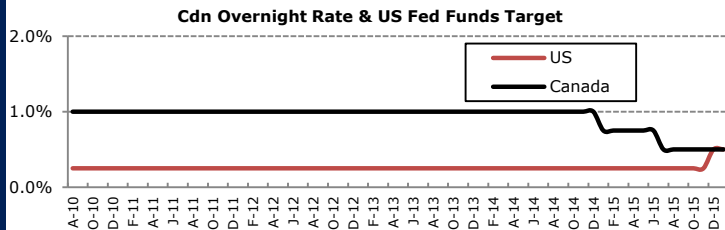
Canadian yield curve

	27-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.48%	-	0.48%	0.42%	0.60%
6-mnth	0.48%	-	0.49%	0.45%	0.58%
12-mnth	0.46%	+0.00%	0.50%	0.51%	0.55%
2-year	0.43%	-0.01%	0.49%	0.58%	0.50%
5-year	0.69%	-0.02%	0.71%	0.89%	0.76%
10-year	1.25%	-0.02%	1.38%	1.55%	1.43%
20-year	2.02%	-0.02%	2.11%	2.29%	1.93%
30-year	2.06%	-0.02%	2.14%	2.32%	1.99%

US yield curve

	27-Jan	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.32%	+0.01%	0.19%	0.06%	0.02%
6-mnth	0.42%	-0.02%	0.48%	0.21%	0.08%
12-mnth	0.44%	-0.01%	0.63%	0.31%	0.15%
2-year	0.83%	-0.01%	1.01%	0.72%	0.51%
5-year	1.41%	-0.02%	1.72%	1.53%	1.34%
10-year	2.00%	+0.01%	2.23%	2.17%	1.82%
30-year	2.80%	+0.02%	2.94%	2.96%	2.40%

	Current	Prior	Next Meeting
Cdn Overnight	0.50%	9-Mar	0-Jan-00
US Fed Funds	0.50%	16-Mar	0-Jan-00



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	27-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.406	-0.001		1.384	1.326	1.245
EURUSD	\$1.087	+0.003		1.093	1.104	1.135
USDJPY	¥118.90	+0.340		120.42	120.38	117.80
GBPUSD	\$1.427	-0.008		1.481	1.530	1.518
AUDUSD	\$0.707	+0.005		0.729	0.720	0.797

	Spot	27-Jan	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥84.57	+0.270		87.04	90.80	94.61
CADAUD	\$1.007	-0.006		0.991	1.048	1.007
GBPCAD	£2.006	-0.012		2.049	2.029	1.890
EURJPY	¥129.26	+0.690		131.67	132.87	133.75
EURAUD	\$1.54	-0.006		1.50	1.53	1.42

Economic Releases

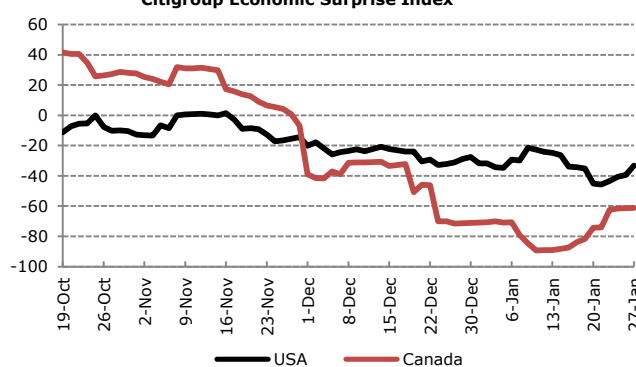
United States

Date	Release	Period	Survey	Actual	Prior
Tue, Jan 26	Consumer Confidence	29-Feb	96.5	98.1	96.5
Wed, Jan 27	New Home Sales	31-Dec	500K	544K	490K
Thu, Jan 28	Durable Goods Orders	31-Dec	-0.7%	-5.1%	0%
Thu, Jan 28	Continuing Claims	16-Jan	2217.5K	2268K	2208K
Thu, Jan 28	Initial Jobless Claims	23-Jan	281K	278K	293K
Fri, Jan 29	GDP QoQ (Annualized)	31-Dec	0.8%	--	0%

Canada

Date	Release	Period	Survey	Actual	Prior
Fri, Jan 29	GDP MoM	30-Nov	0.3%	--	0%

Citigroup Economic Surprise Index



Economics

Canada	Q4-14	Q1-15	Q2-15	Q3-15
Real GDP	3.36%	-0.69%	-0.26%	2.34%
CPI	1.97%	1.07%	0.90%	1.20%
Unemployment	6.70%	6.80%	6.80%	7.10%

US	Q4-14	Q1-15	Q2-15	Q3-15
Real GDP	2.10%	0.60%	3.90%	2.00%
CPI	1.27%	-0.07%	-0.03%	0.13%
Unemployment	5.60%	5.50%	5.30%	5.10%

China	Q4-14	Q1-15	Q2-15	Q3-15
Real GDP	7.20%	7.00%	7.00%	6.90%

