

## Today's Commentary

After a relatively volatile week following the Federal Reserve's QE3 announcement, North American equity markets ended the day down on Friday. US equity markets fared slightly better than Canadian Markets as the S&P 500 and DJIA fell by 0.01% and 0.13%, respectively. The S&P/TSX fell 0.21% as most major sectors declined on the day, outweighing the increases in Energy and Materials sectors that were spurred on by rising oil, natural gas and gold prices. Canadian investors also reacted to a miss in the CPI forecast. Year-over-year CPI for August came in a 1.2%, just under the estimate of 1.3%. Oil increased just 0.51% on the day while gold had an even more modest 0.3% gain. Natural gas jumped 3.15% before the end of trading as reserves started to approach more historically normal levels. There was also positive news in Europe on Friday as the Euro appreciated 0.1% to \$1.298 and rates on Greek 10-year bonds fell below 20% for the first time in 7 months.

A US Senate panel is said to be formulating plans of presenting a tighter Volcker rule to regulators in the coming weeks. These rumoured changes are the result of a Senate investigation into the \$5.8 billion trading loss incurred by JPMorgan Chase and Co. in the first half of 2012. Some lawmakers are now claiming that the language in the 2011 proposal of the Volcker rule would still allow JPMorgan to make the same wrong-way bets it did in early 2012 and are now calling for a clearer statement on the definition of 'portfolio hedging'.

The Italian and Spanish governments will refrain from requesting bailout funds unless a dramatic increase in rates forces them out of credit markets according to a senior Italian government official. Yields for Italy and Spain's 10-year bonds have both fallen over one percentage point since August 2<sup>nd</sup>. This was the day that Mario Draghi first signaled the ECB's commitment to buying distressed debt of the 17 nation Eurozone. The conditions attached to these committed ECB funds are too extreme for any country to willingly accept according to Gianfranco Polillo, Italy's undersecretary of finance. Although this plan was ultimately championed by Italian Prime Minister Mario Monti, he and Spanish Prime Minister Mariano Rajoy are hesitant to agree to Draghi's conditions.

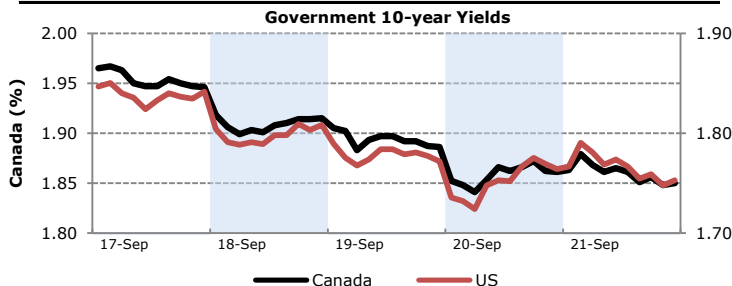
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

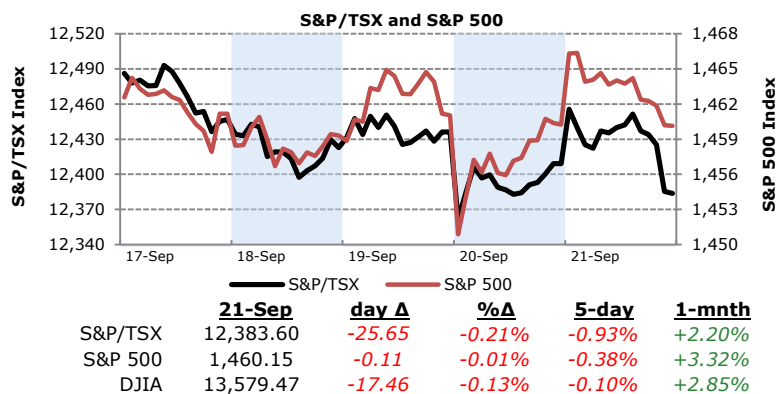
**United States**      Period    Survey    Actual    Prior  
None Scheduled

**Canada**              Period    Survey    Actual    Prior  
None Scheduled

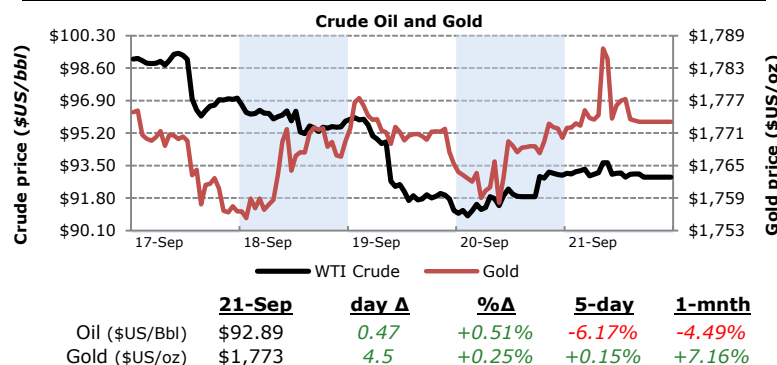
## Interest Rates



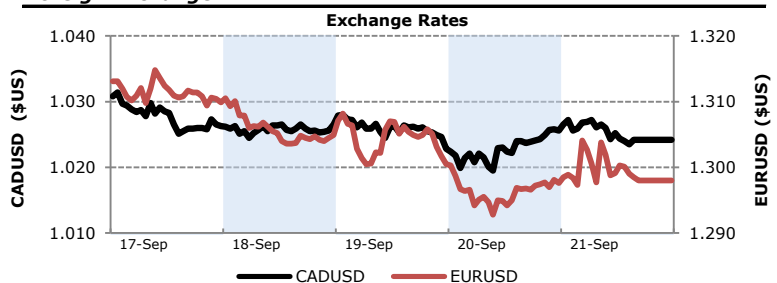
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	Historical levels				
	21-Sep	day Δ	-5 days	-1 mnth	-1 year
USDCAD	\$0.976	-0.000	0.971	0.994	1.050
EURUSD	\$1.298	+0.001	1.313	1.256	1.339
USDJPY	¥78.17	-0.070	78.390	78.49	77.06

Government 10-year Yields

	Historical levels				
	21-Sep	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.85%	-0.011%	1.84%	1.81%	2.02%
United States	1.75%	-0.011%	1.69%	1.67%	1.72%

## 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.

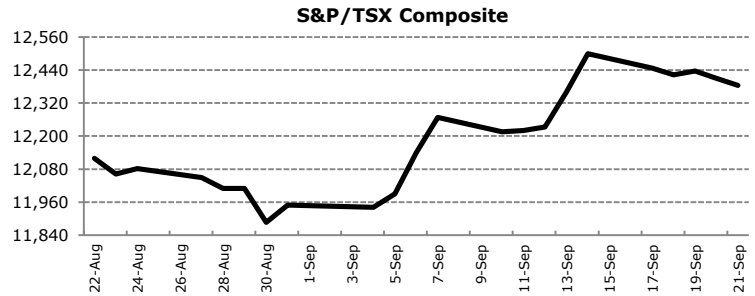
<http://www.rotman.utoronto.ca/financeassociation>

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	<b>21-Sep</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,383.60	-25.65	-0.21%
<b>Trailing S&amp;P/TSX TSX 60</b>			
5-day	-0.93%	-1.36%	
1-month	+2.20%	+2.07%	
3-months	+8.55%	+8.25%	
6-months	-0.43%	-0.36%	
12-months	+3.59%	+4.21%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.06%	-0.56%	-0.92%	+13.66%
C. Staples	-0.19%	-1.60%	-3.60%	+13.42%
Energy	+0.32%	-1.99%	+2.07%	+4.68%
Financials	-0.50%	-0.90%	+1.65%	+8.52%
Healthcare	-0.02%	-0.46%	-3.10%	+24.80%
Info Tech	-1.50%	-1.80%	-1.12%	-11.68%
Industrials	-0.62%	-3.36%	-2.29%	+20.94%
Materials	+0.21%	+0.60%	+11.57%	-14.37%
Metals & Mining	-1.64%	-8.15%	+4.51%	-5.56%
Telecom	-0.45%	-0.25%	-2.40%	+10.32%
Utilities	+0.08%	-0.37%	-3.18%	-1.24%

**TSX Top Performers**

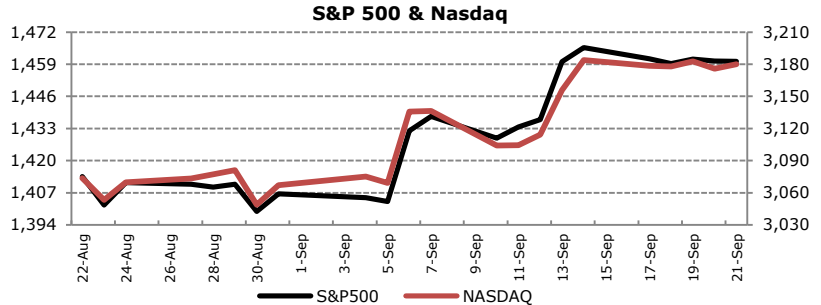
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Niko Resources Ltd		+16.50%	+10.08%	-25.80%	-74.85%
B2Gold Corp		+9.30%	+2.42%	+9.02%	+10.73%
Alacer Gold Corp		+7.51%	+3.99%	+26.96%	-34.76%
Premier Gold Mines Ltd		+6.10%	+7.11%	+33.46%	+12.44%
Paramount Resources Ltd -		+5.53%	+9.63%	+16.08%	-5.96%

**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>
Research In Motion		-7.41%	-14.85%	-11.72%	-71.40%
Turquoise Hill Resources		-5.18%	-9.84%	+1.06%	-43.32%
Transglobe Energy Corp		-3.76%	-1.78%	+2.51%	+26.96%
Westport Innovations Inc		-3.51%	-12.66%	-28.23%	-10.90%
Superior Plus Corp		-3.39%	-1.62%	+1.11%	+8.07%

**US Indices**

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
21-Sep	1,460.15	13,579.47	3,179.96
1-day	-0.01%	-0.13%	+0.13%
5-day	-0.38%	-0.10%	-0.13%
1-month	+3.32%	+2.85%	+3.67%
3-months	+10.16%	+8.00%	+11.22%
6-months	+4.08%	+3.47%	+3.40%
12-months	+25.15%	+22.06%	+25.28%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.06%	-0.06%	+5.41%	+30.95%
C. Staples	-0.32%	+1.21%	+1.15%	+19.51%
Energy	+0.19%	-1.81%	+4.01%	+19.35%
Financials	-0.29%	-2.42%	+4.41%	+33.04%
Healthcare	+0.46%	+1.83%	+4.90%	+25.32%
Info Tech	+0.07%	-0.13%	+3.03%	+28.00%
Industrials	-0.18%	-1.24%	+0.86%	+23.91%
Materials	-0.38%	-1.71%	+4.19%	+17.28%
Telecom	+0.49%	+2.40%	+5.16%	+31.04%
Utilities	+0.06%	-0.38%	-1.71%	+6.96%

**DJIA Top Performers**

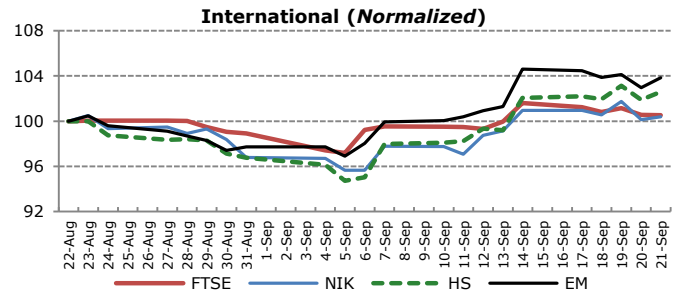
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Unitedhealth Group Inc		+2.26%	+3.56%	+5.17%	+19.30%
Mcdonald'S Corp		+0.60%	+2.19%	+5.86%	+8.98%
General Electric Co		+0.45%	+1.90%	+8.06%	+49.80%

**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>
Coca-Cola Co/The		-1.58%	-0.24%	-3.13%	+12.15%
Alcoa Inc		-1.30%	-7.22%	+3.51%	-9.69%
Cisco Systems Inc		-1.13%	-3.05%	-1.38%	+23.26%

**International Markets**

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	5,852.62	9,110.00	20,734.94	1,006.60
1-day	-0.03%	+0.25%	+0.70%	+0.83%
5-day	-1.06%	+1.28%	+0.51%	-0.74%
1-month	-0.08%	-0.51%	+3.16%	+3.19%
3-months	+5.14%	+3.24%	+7.63%	+7.96%
6-months	-0.67%	-9.68%	-0.58%	-3.92%
12-months	+10.67%	+4.22%	+10.15%	+7.08%



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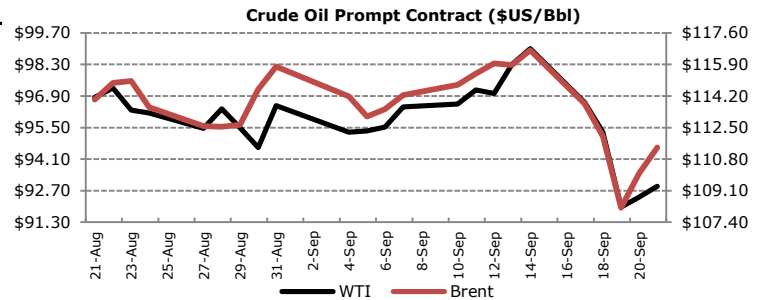
### Nymex WTI Crude Oil

(\$US/Bbl)	21-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.89	+\$0.47	+0.51%	-6.17%	-4.49%
Cal 13	\$93.85	+\$0.55	+0.58%	-5.79%	-1.25%
Cal 14	\$91.22	+\$0.56	+0.62%	-4.33%	-0.83%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$95.00	\$95.05	\$100.00	\$100.00	\$101.00
Current Forward	\$93.91	\$94.41	\$93.92	\$93.17	\$91.22

### Inventory Levels (as of Sep-14)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	367,626	+8,534	337,426	319,411
Motor Gas	196,309	-1,407	214,389	200,481
Distillates	128,230	-322	171,756	140,851



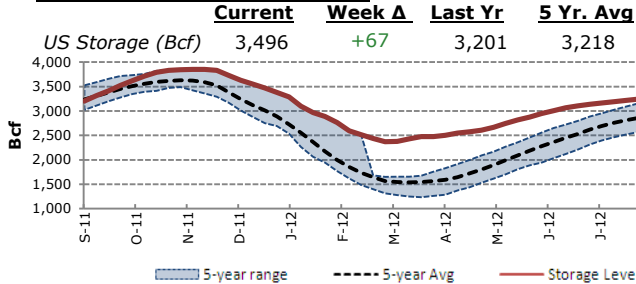
### UK Brent Crude Oil

(\$US/Bbl)	21-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$111.42	+\$1.39	+1.25%	-4.49%	-3.04%

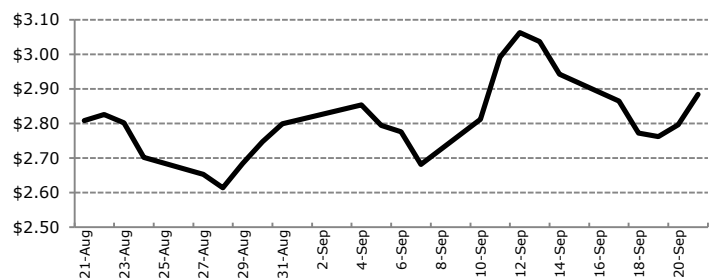
### Nymex Natural Gas

(\$US/MMbtu)	21-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.89	+\$0.09	+3.15%	-1.97%	+2.09%
Nov12-Mar13	\$3.40	+\$0.10	+3.16%	+1.11%	-1.53%
Apr13-Oct13	\$3.62	+\$0.09	+2.53%	+1.54%	-0.36%
Nov13-Mar14	\$4.02	+\$0.08	+2.05%	+1.85%	-0.40%
Apr14-Oct14	\$3.99	+\$0.08	+1.95%	+2.06%	+0.54%

### Inventory Levels (as of Sep-14)



### Nat Gas Prompt (\$US/MMbtu)

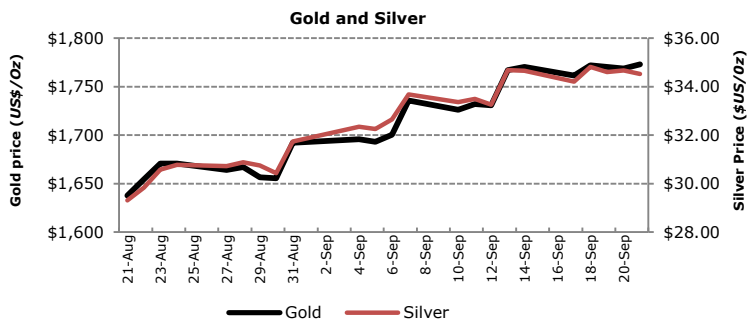


### Alberta Natural Gas

(\$CAD/GJ)	21-Sep	day Δ	%Δ
AECO Oct-12	\$2.37	+\$0.05	+2.2%

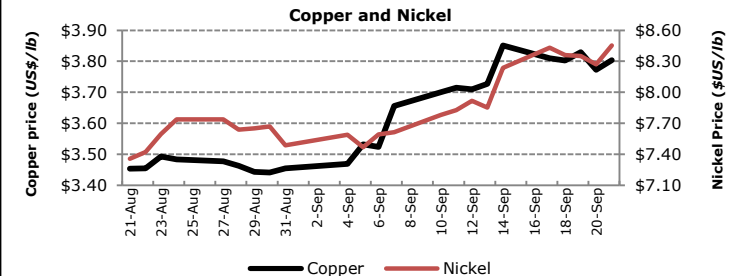
### Precious Metals

\$US/oz	21-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,773.10	+\$4.50	+0.3%	+0.2%	+7.2%	+12.8%
Silver	\$34.53	-\$0.14	-0.4%	-0.4%	+15.7%	+28.3%
Platinum	\$1,636	+\$7.75	+0.5%	-4.3%	+6.5%	+13.8%



### Industrial Metals

\$US/lb	21-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.80	+\$0.03	+0.8%	-1.2%	+10.1%	+15.0%
Nickel	\$8.45	+\$0.18	+2.2%	+2.6%	+13.9%	+11.1%
Zinc	\$1.03	+\$0.01	+1.3%	+1.1%	+14.9%	+15.2%
Aluminum	\$0.95	+\$0.00	0.0%	-4.0%	+14.5%	+14.5%
Uranium	\$46.40	-\$0.10	-0.2%	-3.3%	-5.3%	-8.4%



### Agriculture & Other

	21-Sep	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.48	+\$0.02	+0.3%	-4.3%	-10.4%
Wheat (\$US/bu)	\$8.97	+\$0.18	+2.0%	-2.9%	-2.2%
Soybeans (\$US/bu)	\$16.22	+\$0.03	+0.2%	-6.7%	-6.1%
Rough Rice (\$US/cwt)	\$15.24	+\$0.05	+0.3%	-0.2%	-3.9%
Sugar #11 (¢US/lb)	¢20.07	+¢0.16	+0.8%	-3.4%	-2.6%
Lean Hogs (¢US/lb)	¢74.98	+¢0.77	+1.0%	+1.5%	+5.9%
Live Cattle (¢US/lb)	¢128.48	+¢0.32	+0.3%	-1.1%	+0.3%
Cotton No.2 (\$US/lb)	\$0.73	-\$0.02	-2.6%	-3.5%	-4.8%
Lumber (\$US/Mbft)	\$278.00	+\$0.80	+0.3%	+0.3%	-4.5%

### Commodity ETFs

\$CAD	21-Sep	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.80	+\$0.00	+0.0%	-12.6%	-9.8%
HBP Nat Gas U	\$13.24	+\$0.75	+6.0%	-3.0%	+0.5%
HBP Comex Gold	\$17.71	+\$0.01	+0.1%	+0.1%	+6.9%

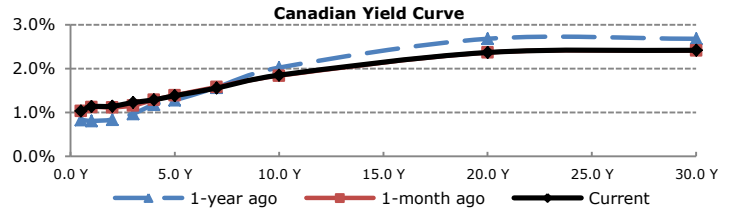
\$USD	21-Sep	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.49	-\$0.02	-0.1%	-6.4%	-4.8%
US Nat Gas	\$19.72	+\$0.56	+2.9%	-1.2%	+1.5%
PSDB Agriculture	\$29.78	+\$0.23	+0.8%	-3.2%	-1.0%
PSDB Base Metals	\$19.91	+\$0.00	+0.0%	-1.7%	+11.5%

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## Interest Rates

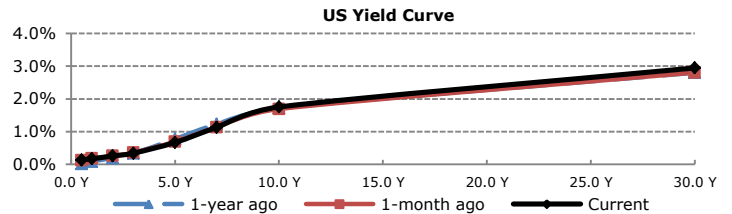
### Canadian yield curve

	21-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.99%	-	1.00%	0.87%	0.83%
6-mnth	1.03%	-	1.03%	0.94%	0.83%
12-mnth	1.13%	-0.01%	1.12%	1.00%	0.81%
2-year	1.14%	-0.00%	1.12%	1.06%	0.84%
5-year	1.38%	-0.01%	1.39%	1.31%	1.28%
10-year	1.85%	-0.01%	1.84%	1.81%	2.02%
20-year	2.37%	-0.01%	2.37%	2.33%	2.68%
30-year	2.42%	-0.01%	2.41%	2.36%	2.68%

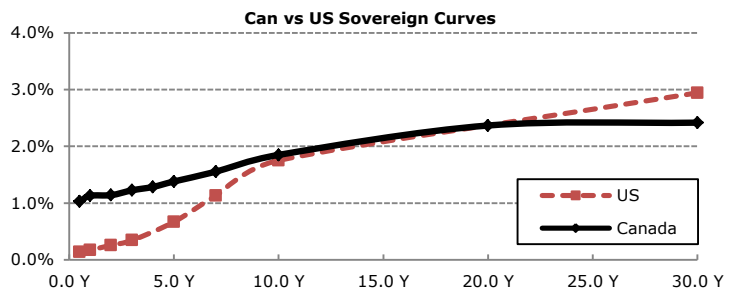
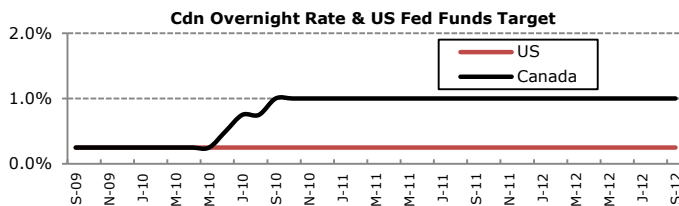


### US yield curve

	21-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.10%	-0.01%	0.10%	0.08%	0.00%
6-mnth	0.14%	-	0.13%	0.14%	0.02%
12-mnth	0.17%	-0.01%	0.18%	0.17%	0.09%
2-year	0.26%	-	0.26%	0.30%	0.20%
5-year	0.67%	-0.02%	0.69%	0.75%	0.78%
10-year	1.75%	-0.01%	1.69%	1.67%	1.72%
30-year	2.94%	-0.00%	2.80%	2.76%	2.80%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	23-Oct-12	1.00%
US Fed Funds	0.25%	0.25%	23-Oct-12	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	21-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.976	-0.000	0.994	1.029	1.050
EURUSD	\$1.298	+0.001	1.256	1.250	1.339
USDJPY	¥78.17	-0.070	78.49	79.66	77.06
GBPUSD	\$1.623	+0.001	1.586	1.557	1.558
AUDUSD	\$1.046	+0.002	1.044	1.001	0.966

Spot	21-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥80.05	-0.049	78.97	77.40	73.35
CADAUD	\$0.979	-0.002	0.964	0.971	0.986
GBPCAD	£1.585	+0.001	1.577	1.603	1.637
EURJPY	¥101.46	-0.010	98.62	99.62	103.12
EURAUD	\$1.24	-0.002	1.20	1.25	1.39

## Economic Releases

### United States

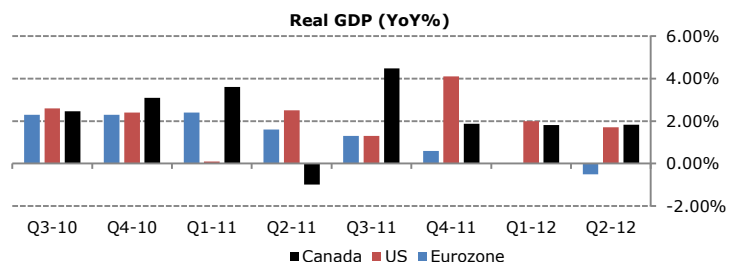
Date	Release	Period	Survey	Actual	Prior
Tue, Sep 25	Consumer Confidence	30-Sep	63.2	--	60.6
Wed, Sep 26	MBA Mortgage Applications	21-Sep	--	--	-0.2%
Wed, Sep 26	New Home Sales	31-Aug	380K	--	372K
Thu, Sep 27	Durable Goods Orders	31-Aug	-5%	--	4.2%
Thu, Sep 27	Continuing Claims	15-Sep	3285K	--	3272K
Thu, Sep 27	Initial Jobless Claims	22-Sep	375K	--	382K
Thu, Sep 27	GDP QoQ (Annualized)	30-Sep	1.7%	--	1.7%
Fri, Sep 28	Personal Income	31-Aug	0.2%	--	0.3%

### Canada

Date	Release	Period	Survey	Actual	Prior
Tue, Sep 25	Retail Sales (MoM)	31-Jul	0.2%	--	-0.4%
Fri, Sep 28	GDP MoM	31-Jul	0.1%	--	0.2%

## Economics

	Q3-11	Q4-11	Q1-12	Q2-12	2012E
<b>Canada</b>					
Real GDP	4.48%	1.87%	1.81%	1.82%	2.00%
CPI	3.00%	2.70%	2.33%	1.57%	1.70%
Unemployment	7.20%	7.50%	7.20%	7.20%	7.30%
<b>US</b>					
Real GDP	1.30%	4.10%	2.00%	1.70%	2.20%
CPI	3.77%	3.30%	2.83%	1.90%	2.00%
Unemployment	9.00%	8.50%	8.20%	8.20%	8.20%
<b>China</b>					
Real GDP	9.10%	8.90%	8.10%	7.60%	7.70%



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