

## Today's Commentary

Clashing European leaders lead North American equity markets to another day of declines on Monday. Germany's building frustration with Spain also sent commodity markets down. WTI crude fell 1.03%, while industrial metals copper, nickel, zinc and aluminum all fell by 1.0% or more causing a significant decline of 2.62% in the TSX Materials sector. Coupled with a 1.24% decline in Energy sector prices, the Materials sector helped drop the S&P/TSX 0.57% by the end of trading. US equity markets were not unscathed either as the S&P 500 and DJIA fell by 0.22% and 0.15%, respectively. The Federal Reserve's QE3 appears to be completing its objective as US rates continue to fall. The additional \$40 billion of monthly asset purchases lowered yields on the US 10 and 30-year bonds by 4 and 5 basis points, respectively. The yield curve north of the border followed a similar pattern yesterday, as yields on the 5 through 30-year Canadian notes all fell by 3 basis points.

It appears that Germany's patience is running thin with the Spanish government and, in particular, Prime Minister Mariano Rajoy. Germany's main focus is for Spain to recapitalize its banks – using a 100 billion euro banking aid package agreed upon in June – but is becoming increasingly suspicious of Rajoy's ability to contain his country's fiscal problems. There is growing speculation amongst investors that Spain will need further bailout funds in the near future, prompting a German finance spokesperson to claim that "Rajoy has a communications problem. If he needs help he must say so." The euro retracted on these statements, falling 0.6% to \$1.2899 USD as investors anticipate the ECB will again fire up its euro printing press to help Spain.

Signs of a Chinese hard landing have started showing themselves in one of the strongest economies in the world: Australia. The AUD appreciated more than any other major currency in the three and a half years after 2008; however, August proved to be a much different story for the Aussie. Australia's dollar has dropped 1.5% in the last two months against a weighted index of major currencies due to declines in the country's exports of iron ore and other commodities to China. It also appears that investors are now positioning themselves for interest rate cuts by the Australian central bank as fears of falling exports to China continue to grow.

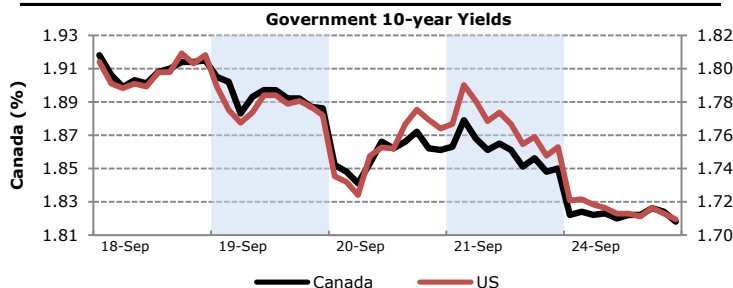
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Consumer Confidence	31-Aug	63.1	--	60.6

Canada	Period	Survey	Actual	Prior
Retail Sales (MoM)	30-Jun	0.2%	--	-0.4%

## Interest Rates



## 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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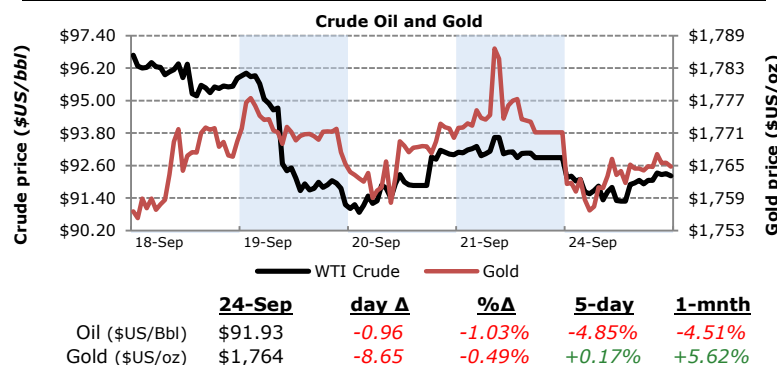


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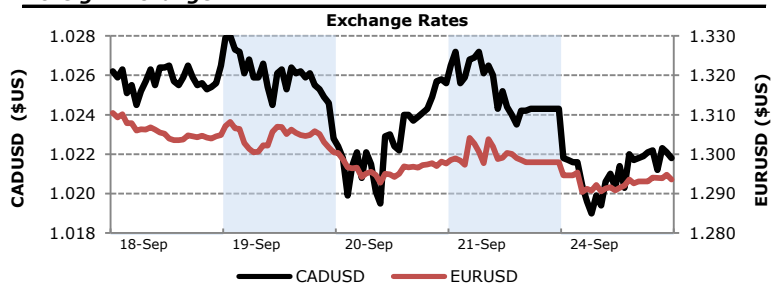
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	24-Sep	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.979	+0.002	0.975	0.992	1.055
EURUSD	\$1.293	-0.005	1.312	1.251	1.318
USDJPY	¥77.85	-0.320	78.710	78.67	76.63

	24-Sep	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.82%	-0.032%	1.83%	1.75%	2.08%
United States	1.71%	-0.043%	1.69%	1.63%	1.83%

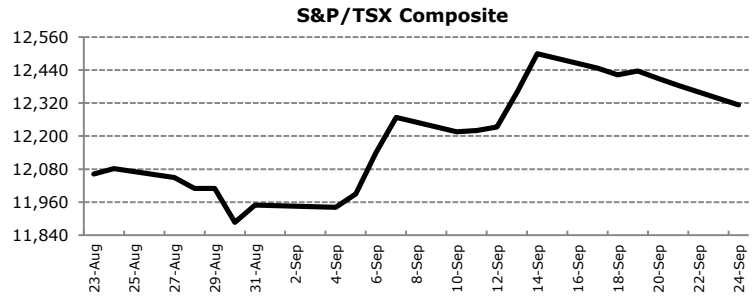
## Rotman Finance Association



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>

	<b>24-Sep</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,313.54	-70.06	-0.57%
<b>Trailing S&amp;P/TSX</b>			
5-day	-1.07%	-1.37%	
1-month	+1.91%	+2.06%	
3-months	+7.68%	+7.33%	
6-months	-1.22%	-1.11%	
12-months	+7.42%	+7.65%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.44%	-0.25%	-0.75%	+13.87%
C. Staples	+0.48%	-0.51%	-3.16%	+15.81%
Energy	-1.24%	-2.37%	+2.25%	+9.65%
Financials	+0.39%	-0.22%	+2.75%	+10.87%
Healthcare	+0.72%	+0.05%	-4.54%	+22.90%
Info Tech	-0.13%	-0.87%	-1.29%	-10.69%
Industrials	+0.73%	-2.23%	-0.23%	+21.64%
Materials	-2.62%	-1.56%	+7.32%	-7.22%
Metals & Mining	-1.15%	-5.64%	+5.44%	+3.90%
Telecom	+0.61%	+0.39%	-2.10%	+10.18%
Utilities	-0.36%	-0.15%	-3.11%	-0.20%

**TSX Top Performers**

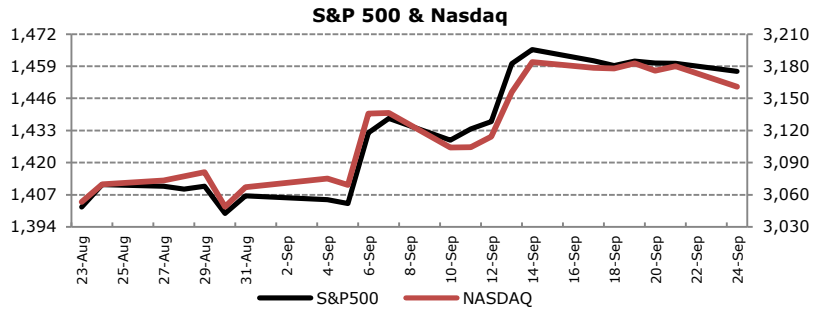
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Fairfax Financial Hldgs L	+5.11%	+0.90%	+1.33%	-6.61%
Rona Inc	+3.28%	+0.27%	-12.32%	+12.75%
Canadian Pacific Railway	+2.96%	-0.97%	-1.20%	+69.58%
Gabriel Resources Ltd	+2.43%	+15.30%	-12.81%	-67.13%
Maple Leaf Foods Inc	+2.26%	+2.26%	+2.26%	+0.09%

**TSX Worst Performers**

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Fortuna Silver Mines Inc	-8.96%	-6.67%	+9.98%	-8.48%
B2Gold Corp	-8.75%	-10.23%	+0.00%	+7.22%
Novagold Resources Inc	-7.06%	+1.98%	+22.78%	-10.04%
Centerra Gold Inc	-6.43%	+8.67%	+33.05%	-47.14%
Silver Standard Resources	-6.13%	-2.21%	+4.74%	-28.43%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
24-Sep	1,456.89	13,558.92	3,160.78
1-day	-0.22%	-0.15%	-0.60%
5-day	-0.29%	+0.04%	-0.56%
1-month	+3.24%	+3.05%	+2.96%
3-months	+9.13%	+7.26%	+9.28%
6-months	+4.28%	+3.66%	+3.03%
12-months	+28.20%	+25.88%	+27.29%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.35%	+0.03%	+4.62%	+32.77%
C. Staples	+0.19%	+1.21%	+1.56%	+22.16%
Energy	-0.52%	-1.55%	+3.54%	+26.35%
Financials	-0.00%	-1.38%	+4.95%	+35.56%
Healthcare	+0.16%	+1.47%	+4.33%	+27.99%
Info Tech	-0.84%	-1.00%	+2.44%	+29.76%
Industrials	-0.19%	-0.96%	+1.42%	+27.22%
Materials	-0.45%	-0.69%	+4.61%	+23.97%
Telecom	+0.23%	+2.09%	+4.67%	+32.83%
Utilities	+0.99%	+1.19%	+0.04%	+8.95%

**DJIA Top Performers**

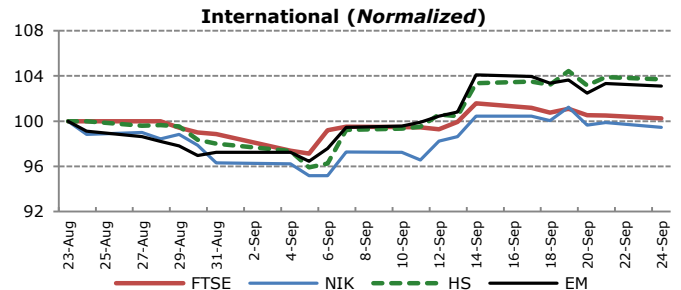
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Pfizer Inc	+0.98%	+3.00%	+3.04%	+41.78%
Jpmorgan Chase & Co	+0.86%	+0.10%	+10.92%	+39.34%
3M Co	+0.56%	-0.05%	+0.97%	+26.68%

**DJIA Worst Performers**

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Hewlett-Packard Co	-2.16%	-5.49%	-2.10%	-22.89%
Intel Corp	-1.51%	-2.23%	-8.51%	+2.84%
Microsoft Corp	-1.47%	-1.41%	+0.69%	+22.79%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	5,838.84	9,069.29	20,694.70	1,004.37
1-day	-0.24%	-0.45%	-0.19%	-0.22%
5-day	-0.93%	-0.98%	+0.18%	-0.82%
1-month	+1.08%	-0.02%	+4.10%	+4.03%
3-months	+5.90%	+3.08%	+8.95%	+9.51%
6-months	-0.27%	-9.41%	+0.13%	-3.61%
12-months	+15.24%	+5.95%	+17.13%	+16.58%



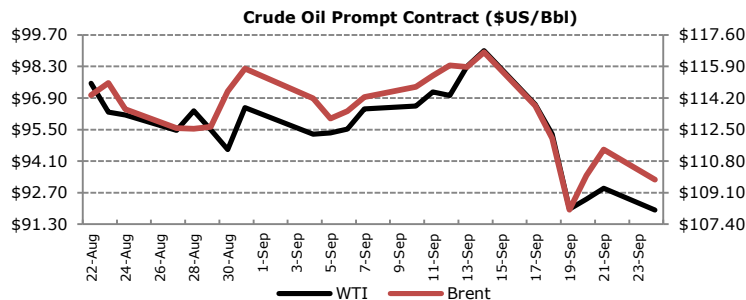
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### Nymex WTI Crude Oil

(\$US/Bbl)	24-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$91.93	-\$0.96	-1.03%	-4.85%	-4.51%
Cal 13	\$93.07	-\$0.78	-0.84%	-4.54%	-1.74%
Cal 14	\$90.80	-\$0.42	-0.46%	-3.35%	-0.83%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$95.00	\$95.10	\$100.00	\$100.00	\$101.00
Current Forward	\$92.97	\$93.55	\$93.19	\$92.56	\$90.80



### 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

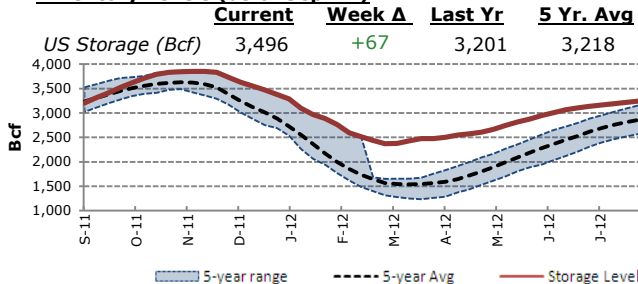
### UK Brent Crude Oil

(\$US/Bbl)	24-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$109.81	-\$1.61	-1.47%	-3.50%	-4.52%

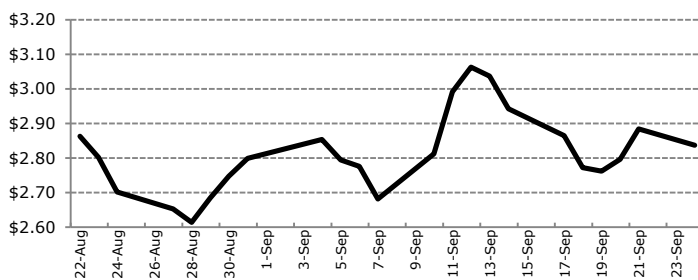
### Nymex Natural Gas

(\$US/MMbtu)	24-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.84	-\$0.05	-1.66%	-0.98%	+1.25%
Nov12-Mar13	\$3.37	-\$0.03	-0.79%	+1.65%	+0.84%
Apr13-Oct13	\$3.60	-\$0.02	-0.47%	+1.94%	+1.79%
Nov13-Mar14	\$4.00	-\$0.02	-0.38%	+2.20%	+1.27%
Apr14-Oct14	\$3.97	-\$0.02	-0.43%	+2.19%	+2.04%

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



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

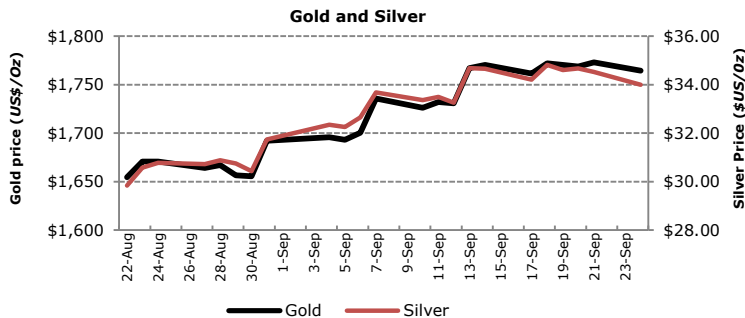


### Alberta Natural Gas

(\$CAD/GJ)	24-Sep	day Δ	%Δ
AECO Oct-12	\$2.30	-\$0.07	-3.0%

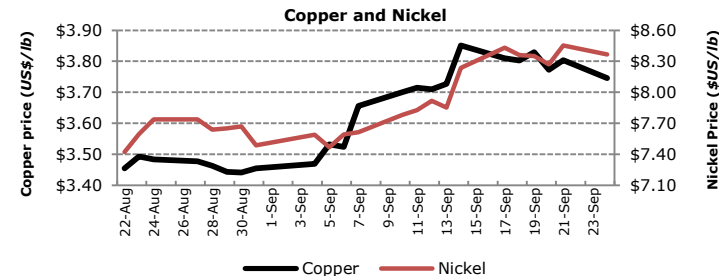
### Precious Metals

\$US/oz	24-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,764.45	-\$8.65	-0.5%	+0.2%	+5.6%	+12.2%
Silver	\$33.99	-\$0.54	-1.6%	-0.6%	+10.4%	+25.4%
Platinum	\$1,622	-\$14.00	-0.9%	-2.6%	+4.6%	+13.6%



### Industrial Metals

\$US/lb	24-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.75	-\$0.06	-1.5%	-1.7%	+7.5%	+13.1%
Nickel	\$8.37	-\$0.09	-1.0%	-0.8%	+8.1%	+10.0%
Zinc	\$1.01	-\$0.02	-2.3%	-0.4%	+10.5%	+12.8%
Aluminum	\$0.94	-\$0.01	-1.1%	-4.1%	+10.6%	+14.6%
Uranium	\$46.40	+\$0.00	0.0%	-3.3%	-5.3%	-8.6%



### Agriculture & Other

	24-Sep	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.45	-\$0.04	-0.5%	-0.4%	-7.9%
Wheat (\$US/bu)	\$8.92	-\$0.05	-0.6%	+1.6%	+0.4%
Soybeans (\$US/bu)	\$16.10	-\$0.12	-0.7%	-3.5%	-7.0%
Rough Rice (\$US/cwt)	\$15.19	-\$0.05	-0.4%	-0.7%	-3.2%
Sugar #11 (¢US/lb)	¢20.27	+¢0.20	+1.0%	-2.5%	-0.1%
Lean Hogs (¢US/lb)	¢75.35	+¢0.38	+0.5%	+2.7%	+6.8%
Live Cattle (¢US/lb)	¢128.40	-¢0.07	-0.1%	+0.1%	+0.4%
Cotton No. 2 (\$US/lb)	\$0.73	-\$0.01	-1.0%	-3.8%	-3.6%
Lumber (\$US/Mbft)	\$275.40	-\$2.60	-0.9%	-0.2%	-5.7%

### Commodity ETFs

\$CAD	24-Sep	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.69	-\$0.11	-2.3%	-9.2%	-9.3%
HBP Nat Gas U	\$13.07	-\$0.17	-1.3%	+0.8%	+1.5%
HBP Comex Gold	\$17.62	-\$0.09	-0.5%	+0.4%	+5.4%

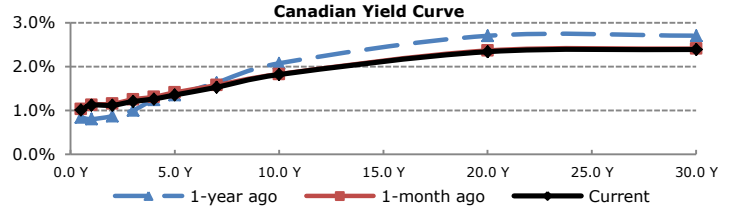
\$USD	24-Sep	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.09	-\$0.40	-1.2%	-4.6%	-4.5%
US Nat Gas	\$19.58	-\$0.14	-0.7%	+0.7%	+6.5%
PSDB Agriculture	\$29.51	-\$0.27	-0.9%	-1.3%	-1.3%
PSDB Base Metals	\$19.73	-\$0.18	-0.9%	-0.5%	+8.9%

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## Interest Rates

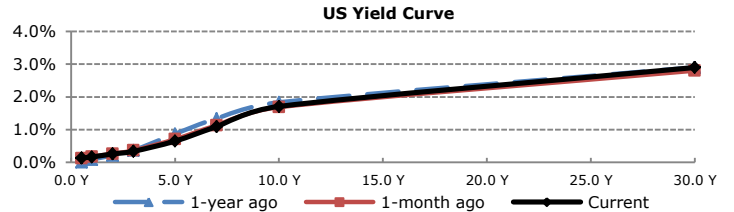
### Canadian yield curve

	24-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	1.00%	-	1.01%	0.87%	0.83%
6-mnth	1.01%	-	1.03%	0.94%	0.84%
12-mnth	1.12%	-0.01%	1.13%	0.97%	0.80%
2-year	1.12%	-0.02%	1.15%	1.01%	0.87%
5-year	1.35%	-0.03%	1.41%	1.24%	1.35%
10-year	1.82%	-0.03%	1.83%	1.75%	2.08%
20-year	2.34%	-0.03%	2.37%	2.30%	2.70%
30-year	2.39%	-0.03%	2.41%	2.33%	2.71%

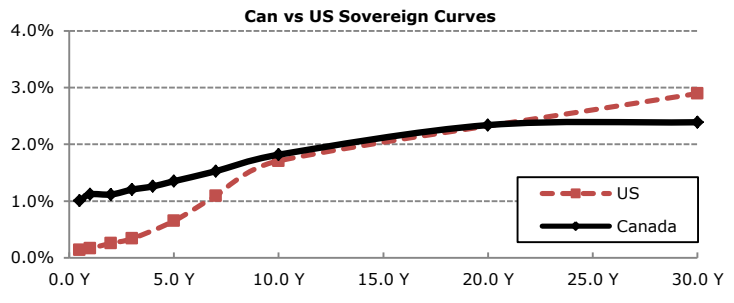
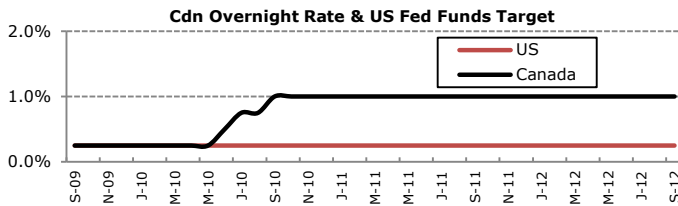


### US yield curve

	24-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.10%	-0.01%	0.09%	0.09%	-0.01%
6-mnth	0.14%	-	0.13%	0.15%	0.01%
12-mnth	0.17%	-0.01%	0.18%	0.18%	0.09%
2-year	0.26%	-	0.27%	0.31%	0.22%
5-year	0.65%	-0.02%	0.71%	0.72%	0.87%
10-year	1.71%	-0.04%	1.69%	1.63%	1.83%
30-year	2.90%	-0.05%	2.80%	2.70%	2.90%



	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	24-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.979	+0.002	0.992	1.024	1.055
EURUSD	\$1.293	-0.005	1.251	1.249	1.318
USDJPY	¥77.85	-0.320	78.67	79.52	76.63
GBPUSD	\$1.622	-0.001	1.581	1.564	1.543
AUDUSD	\$1.043	-0.003	1.040	1.006	0.953

Spot	24-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥79.54	-0.504	79.28	77.66	72.66
CADAUD	\$0.980	+0.001	0.969	0.970	0.995
GBPCAD	£1.588	+0.003	1.569	1.602	1.628
EURJPY	¥100.67	-0.790	98.44	99.32	100.97
EURAUD	\$1.24	-0.001	1.20	1.24	1.38

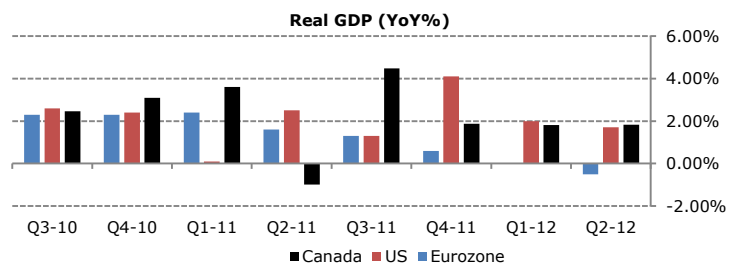
## Economic Releases

United States	Period	Survey	Actual	Prior	
Tue, Sep 25	Consumer Confidence	31-Aug	63.1	--	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	3287.5K	--	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	Period	Survey	Actual	Prior	
Tue, Sep 25	Retail Sales (MoM)	30-Jun	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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