

## Today's Commentary

North American equities stumbled yesterday due to a pessimistic outlook on several large cap firms. Apple shares dropped 2.5% on concerns that smartphone maker will not be able to meet demand for the new iPhone. Caterpillar declined by 4.2% after cutting earnings forecasts. The Dow, which was largely weighed down by Caterpillar, dropped 0.75%. The S&P 500 is now barely trading above its pre QE3 levels, closing yesterday at 1441.6. QE3's fading lustre may have contributed to yesterday's declines as well; Charles Plosser, President of the Federal Reserve Bank of Philadelphia, stated yesterday that the new bond buying plan will do little to boost employment, and may even hurt the Fed's credibility. The S&P/TSX shed half a percent yesterday as well as oil prices continue their recent freefall. WTI crude prices have been hampered by rising US stockpiles in addition to lower demand outlooks. The commodity has fallen by over \$10.00 per barrel since September 14<sup>th</sup>, when the Fed's stimulus plan was announced.

One bright spot in the markets yesterday was an American consumer confidence release. Consumer confidence rose to a 7 month high yesterday, exceeding even the most optimistic predictions. The index rose to 70.3, compared to August's result at 61.3. According to reports, the index rose because Americans feel comforted by the housing recovery, future job prospects and higher stock levels. New home sales are expected to rise to 380,000 from 372,000 in the US in a release at 10:00am today.

Protests erupted in Spain and Greece over public outrage about the austerity measures. The Spanish protests, which occurred yesterday, led to 64 injuries. The Greek protest this morning also turned violent. The Spanish central bank also claimed yesterday that their economy continues to shrink significantly, at a time when their unemployment level is at an astronomical 25%. Investors were quick to react to Spain's unrest, as the benchmark 10 year bond rose above 6% for the first time since Mario Draghi announced that he would buy struggling nation's debt to reduce borrowing costs. The Spanish stock index fell by 3.1%. This may force Spanish Prime Minister Mariano Rajoy to seek assistance from the ECB, which he has shown reluctance to do so far.

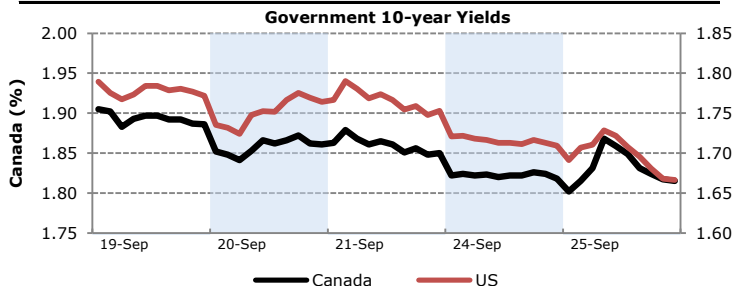
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

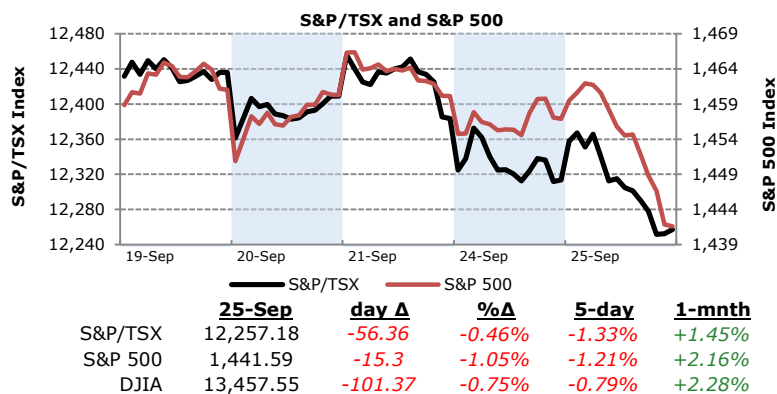
United States	Period	Survey	Actual	Prior
MBA Mortgage Applications	21-Sep	--	2.8%	2.8%
New Home Sales	31-Jul	380K	--	372K

Canada	Period	Survey	Actual	Prior
None Scheduled				

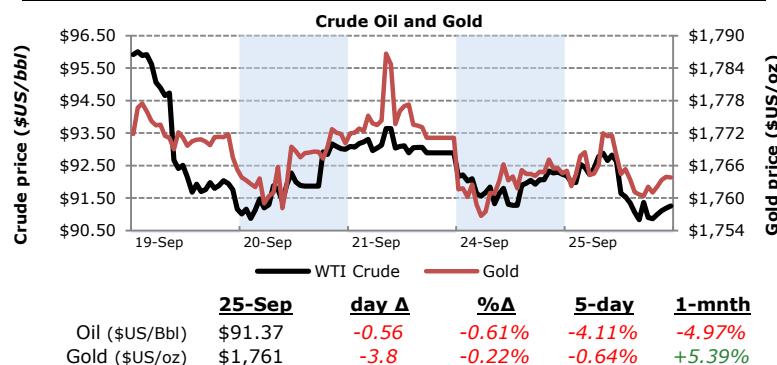
## Interest Rates



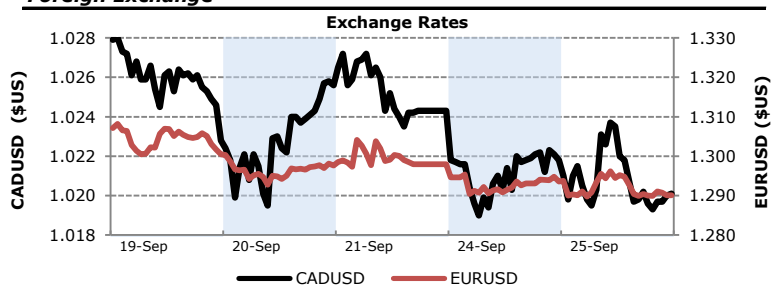
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	25-Sep	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.981	+0.002	0.974	0.991	1.051
EURUSD	\$1.290	-0.003	1.305	1.250	1.335
USDJPY	¥77.80	-0.050	78.820	78.74	76.81

Government 10-year Yields

	25-Sep	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.82%	-0.003%	1.83%	1.72%	2.15%
United States	1.67%	-0.043%	1.69%	1.62%	1.90%

## 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.

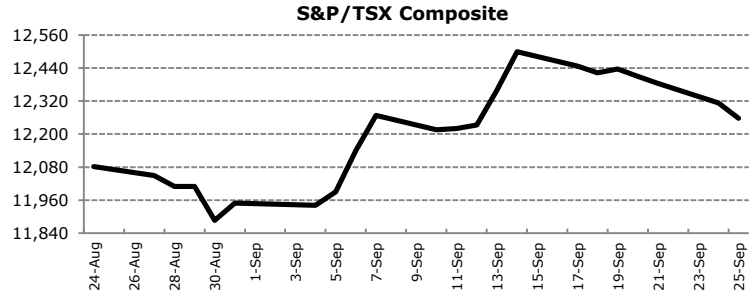
<http://www.rotman.utoronto.ca/financeassociation>

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	<b>25-Sep</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,257.18	-56.36	-0.46%
<b>Trailing S&amp;P/TSX</b>			
5-day	-1.33%	-1.51%	
1-month	+1.45%	+1.64%	
3-months	+8.18%	+7.71%	
6-months	-1.67%	-1.51%	
12-months	+6.93%	+7.21%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.28%	-0.79%	-1.03%	+13.55%
C. Staples	+0.15%	-0.46%	-3.01%	+15.99%
Energy	-1.42%	-2.91%	+0.80%	+8.09%
Financials	-0.20%	-0.15%	+2.54%	+10.65%
Healthcare	+0.93%	+1.50%	-3.65%	+24.04%
Info Tech	+0.35%	-1.71%	-0.95%	-10.38%
Industrials	+0.05%	-1.59%	-0.17%	+21.70%
Materials	-0.84%	-2.46%	+6.41%	-8.00%
Metals & Mining	-1.44%	-5.88%	+3.92%	+2.40%
Telecom	+0.24%	+0.21%	-1.86%	+10.45%
Utilities	+0.24%	+0.49%	-2.88%	+0.04%

**TSX Top Performers**

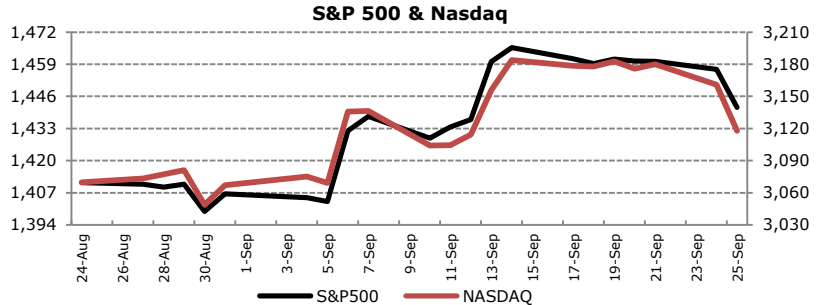
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Research In Motion	+5.18%	-10.22%	-5.52%	-70.90%
Niko Resources Ltd	+3.43%	+19.90%	-22.41%	-73.42%
Westjet Airlines Ltd	+3.38%	+2.01%	+4.91%	+35.91%
Rubicon Minerals Corp	+2.51%	-0.81%	+5.76%	-0.27%
Canfor Corp	+2.44%	+1.13%	+5.66%	+34.80%

**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>
Thompson Creek Metals Co	-5.08%	-16.48%	+13.69%	-55.11%
Trinidad Drilling Ltd	-4.96%	-3.60%	+0.60%	+5.51%
Premier Gold Mines Ltd	-4.70%	-3.03%	+16.92%	+16.70%
Tahoe Resources Inc	-4.52%	-7.26%	+5.26%	+24.73%
Dundee Precious Metals In	-4.33%	-5.04%	+6.85%	+6.47%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
25-Sep	1,441.59	13,457.55	3,117.73
1-day	-1.05%	-0.75%	-1.36%
5-day	-1.21%	-0.79%	-1.89%
1-month	+2.16%	+2.28%	+1.56%
3-months	+9.73%	+7.64%	+9.93%
6-months	+3.18%	+2.88%	+1.62%
12-months	+26.85%	+24.94%	+25.55%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.15%	-0.65%	+3.42%	+31.25%
C. Staples	-0.78%	-0.05%	+0.78%	+21.21%
Energy	-0.89%	-1.72%	+2.61%	+25.22%
Financials	-1.53%	-2.45%	+3.34%	+33.49%
Healthcare	-0.05%	+1.12%	+4.28%	+27.93%
Info Tech	-1.53%	-2.51%	+0.87%	+27.77%
Industrials	-1.19%	-2.18%	+0.20%	+25.70%
Materials	-1.52%	-1.93%	+3.01%	+22.08%
Telecom	-0.53%	+1.25%	+4.12%	+32.13%
Utilities	-0.31%	+1.33%	-0.26%	+8.61%

**DJIA Top Performers**

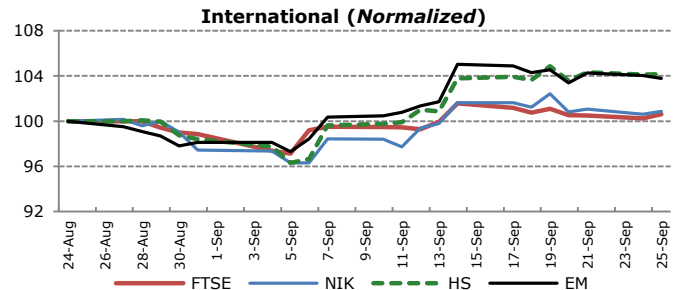
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Home Depot Inc	+0.56%	+1.46%	+4.85%	+75.65%
Johnson & Johnson	+0.46%	+1.12%	+2.54%	+10.58%
Pfizer Inc	+0.44%	+3.50%	+3.50%	+39.84%

**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>
Caterpillar Inc	-4.25%	-6.51%	-0.53%	+13.22%
Hewlett-Packard Co	-2.91%	-8.44%	-4.95%	-26.42%
Alcoa Inc	-2.43%	-6.85%	+2.43%	-15.41%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	5,859.71	9,091.54	20,698.68	1,001.85
1-day	+0.36%	+0.25%	+0.02%	-0.25%
5-day	-0.14%	-0.35%	+0.47%	-0.50%
1-month	+1.44%	+0.23%	+4.12%	+3.77%
3-months	+7.50%	+4.09%	+9.53%	+10.81%
6-months	+0.08%	-9.19%	+0.14%	-3.85%
12-months	+15.65%	+6.21%	+17.15%	+16.29%



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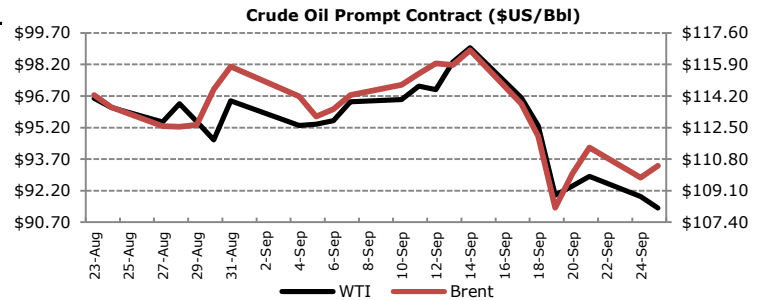
### Nymex WTI Crude Oil

(\$US/Bbl)	25-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$91.37	-\$0.56	-0.61%	-4.11%	-4.97%
Cal 13	\$92.59	-\$0.48	-0.51%	-3.79%	-2.28%
Cal 14	\$90.45	-\$0.34	-0.38%	-2.88%	-1.23%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$95.00	\$95.00	\$100.00	\$100.00	\$100.50
Current Forward	\$92.44	\$93.02	\$92.73	\$92.18	\$90.45

### 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



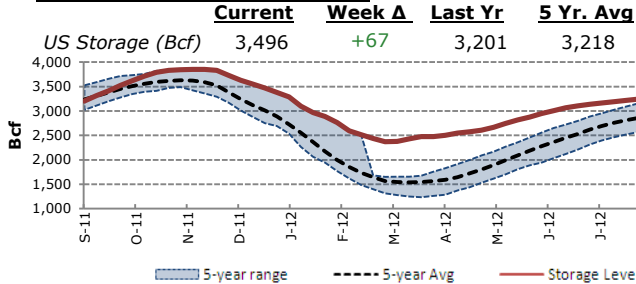
### UK Brent Crude Oil

(\$US/Bbl)	25-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$110.45	+\$0.64	+0.58%	-1.41%	-2.76%

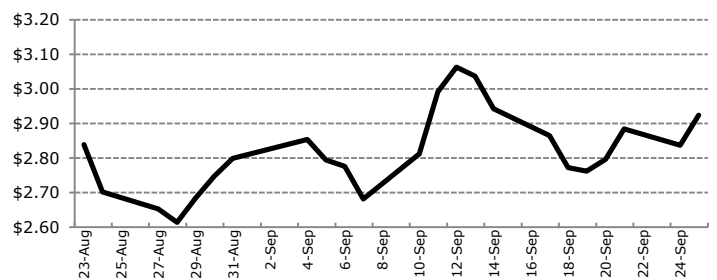
### Nymex Natural Gas

(\$US/MMbtu)	25-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.92	+\$0.09	+3.07%	+5.45%	+8.22%
Nov12-Mar13	\$3.43	+\$0.06	+1.70%	+4.26%	+3.77%
Apr13-Oct13	\$3.65	+\$0.04	+1.21%	+3.46%	+4.23%
Nov13-Mar14	\$4.04	+\$0.04	+0.94%	+2.94%	+3.38%
Apr14-Oct14	\$4.01	+\$0.04	+0.92%	+2.79%	+4.10%

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



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



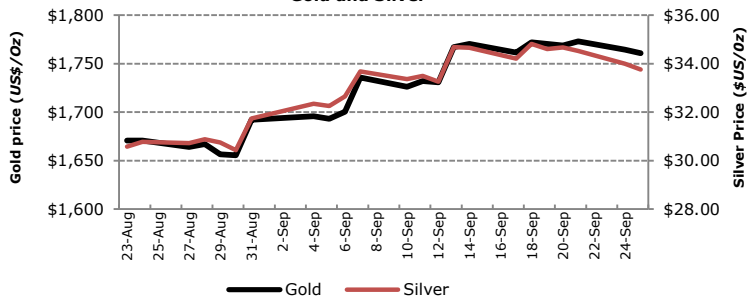
### Alberta Natural Gas

(\$CAD/GJ)	25-Sep	day Δ	%Δ
AECO Oct-12	\$2.40	+\$0.10	+4.3%

### Precious Metals

\$US/oz	25-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,760.65	-\$3.80	-0.2%	-0.6%	+5.4%	+11.8%
Silver	\$33.76	-\$0.23	-0.7%	-3.0%	+9.7%	+25.4%
Platinum	\$1,628	+\$6.50	+0.4%	-0.2%	+5.1%	+15.5%

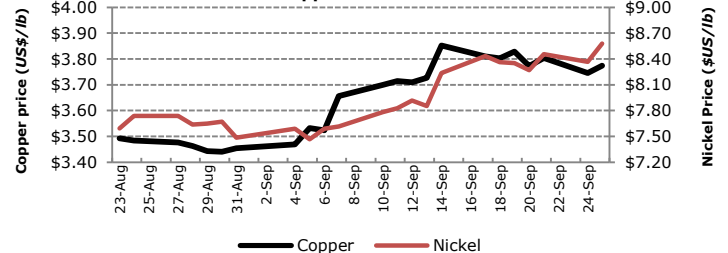
### Gold and Silver



### Industrial Metals

\$US/lb	25-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.77	+\$0.03	+0.7%	-0.8%	+8.3%	+12.7%
Nickel	\$8.58	+\$0.21	+2.5%	+2.6%	+10.8%	+13.3%
Zinc	\$1.03	+\$0.02	+2.1%	+1.9%	+12.8%	+17.3%
Aluminum	\$0.94	+\$0.00	0.0%	-4.1%	+10.6%	+14.6%
Uranium	\$46.40	+\$0.00	0.0%	-1.3%	-5.3%	-8.6%

### Copper and Nickel



### Agriculture & Other

	25-Sep	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.44	-\$0.01	-0.1%	+0.5%	-8.0%
Wheat (\$US/bu)	\$8.87	-\$0.05	-0.6%	+2.7%	-0.2%
Soybeans (\$US/bu)	\$16.12	+\$0.01	+0.1%	-1.7%	-6.9%
Rough Rice (\$US/cwt)	\$14.89	-\$0.30	-2.0%	-0.4%	-5.1%
Sugar #11 (¢US/lb)	¢20.72	+¢0.45	+2.2%	+2.8%	+2.1%
Lean Hogs (¢US/lb)	¢74.65	-¢0.70	-0.9%	+0.6%	+5.8%
Live Cattle (¢US/lb)	¢125.40	-¢3.00	-2.3%	-2.7%	-1.9%
Cotton No.2 (\$US/lb)	\$0.72	-\$0.00	-0.2%	-4.9%	-3.8%
Lumber (\$US/Mbft)	\$272.40	-\$3.00	-1.1%	-0.3%	-6.7%

### Commodity ETFs

\$CAD	25-Sep	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.59	-\$0.10	-2.1%	-10.2%	-10.7%
HBP Nat Gas U	\$13.64	+\$0.57	+4.4%	+10.2%	+15.9%
HBP Comex Gold	\$17.58	-\$0.04	-0.2%	-0.6%	+5.2%

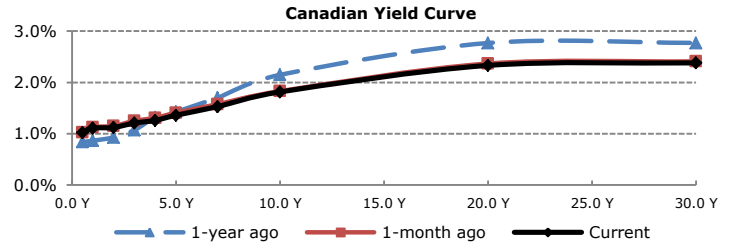
\$USD	25-Sep	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$33.75	-\$0.34	-1.0%	-5.1%	-5.4%
US Nat Gas	\$20.01	+\$0.43	+2.2%	+5.0%	+8.9%
PSDB Agriculture	\$29.50	-\$0.01	-0.0%	-0.5%	-1.4%
PSDB Base Metals	\$19.84	+\$0.11	+0.6%	-1.0%	+9.6%

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## Interest Rates

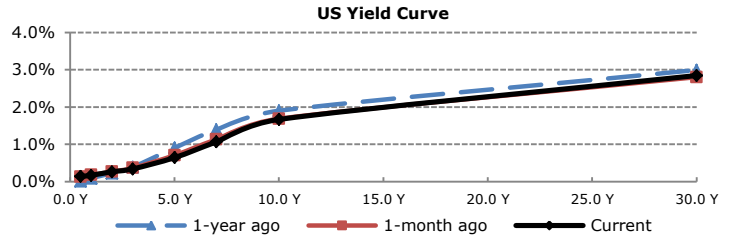
### Canadian yield curve

	25-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.99%	-	1.01%	0.86%	0.84%
6-mnth	1.02%	-	1.03%	0.93%	0.84%
12-mnth	1.11%	-0.01%	1.13%	0.97%	0.87%
2-year	1.12%	+0.01%	1.15%	0.99%	0.93%
5-year	1.36%	+0.01%	1.41%	1.22%	1.43%
10-year	1.82%	-0.00%	1.83%	1.72%	2.15%
20-year	2.33%	-0.01%	2.37%	2.30%	2.77%
30-year	2.38%	-0.01%	2.41%	2.32%	2.77%

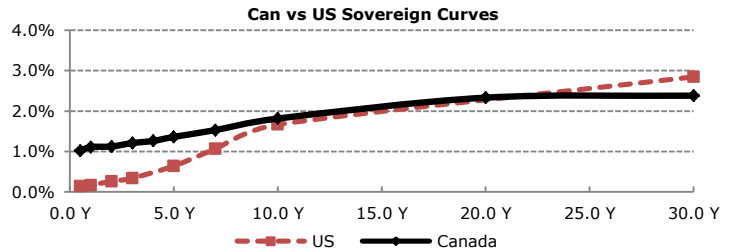
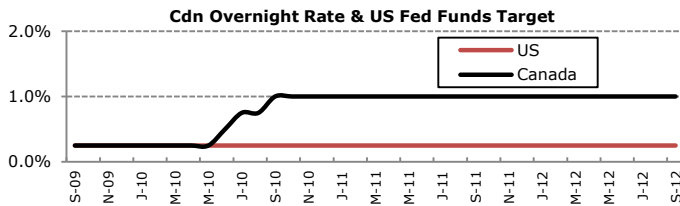


### US yield curve

	25-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.11%	+0.01%	0.09%	0.09%	0.00%
6-mnth	0.14%	-	0.13%	0.16%	0.01%
12-mnth	0.17%	-	0.18%	0.20%	0.09%
2-year	0.26%	+0.00%	0.27%	0.31%	0.23%
5-year	0.64%	-0.01%	0.71%	0.72%	0.90%
10-year	1.67%	-0.04%	1.69%	1.62%	1.90%
30-year	2.85%	-0.05%	2.80%	2.69%	2.99%



	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	25-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.981	+0.002	0.991	1.025	1.051
EURUSD	\$1.290	-0.003	1.250	1.247	1.335
USDJPY	¥77.80	-0.050	78.74	79.72	76.81
GBPUSD	\$1.619	-0.003	1.579	1.557	1.549
AUDUSD	\$1.039	-0.004	1.037	1.008	0.957

Spot	25-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥79.33	-0.211	79.48	77.78	73.05
CADAUD	\$0.982	+0.001	0.973	0.968	0.993
GBPCAD	£1.588	+0.000	1.565	1.596	1.628
EURJPY	¥100.36	-0.310	98.43	99.40	102.54
EURAUD	\$1.24	+0.001	1.21	1.24	1.39

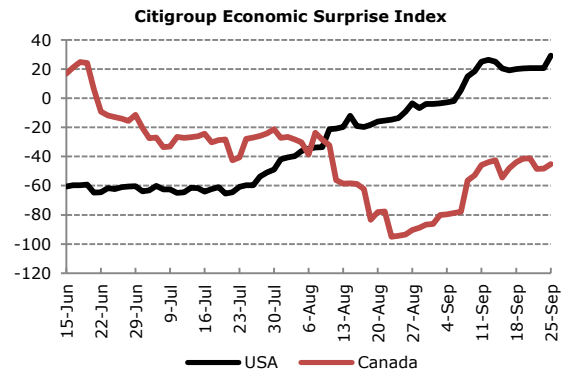
## Economic Releases

### United States

Date	Release	Period	Survey	Actual	Prior
Tue, Sep 25	Consumer Confidence	30-Sep	63.1	70.3	60.6
Wed, Sep 26	MBA Mortgage Applications	21-Sep	--	2.8%	2.8%
Wed, Sep 26	New Home Sales	31-Jul	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%

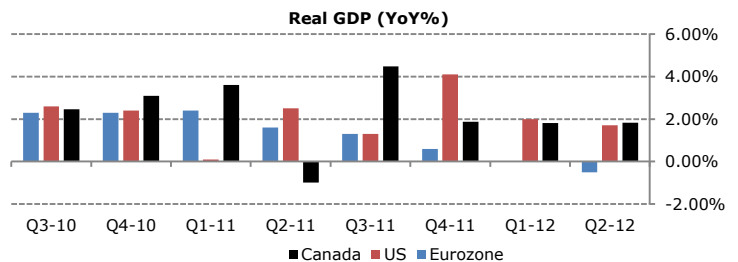
### Canada

Date	Release	Period	Survey	Actual	Prior
Tue, Sep 25	Retail Sales (MoM)	31-Jul	0.2%	0.7%	0.7%
Fri, Sep 28	GDP MoM	31-Jul	0.1%	--	0.2%



## Economics

Country	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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