

## Today's Commentary

Equity markets continued their recent skid yesterday, as investors seem hung over from their QE3 induced euphoria. The S&P 500, falling for the fifth day in a row, closed at its lowest level yesterday since before September 14<sup>th</sup>, when the FOMC announced the Fed's new stimulus measures. The S&P 500 and Dow shed 0.57% and 0.33%, respectively. The S&P/TSX fell by 0.2%, weighed down by the energy sector once again, which declined by 0.84%. There seems to be no bottom in sight for crude oil prices - WTI crude finished the day below \$90/barrel for the first time since early August. Put options on oil are currently at a 16 month high compared to the S&P 500. The high hedging cost implies that investors think that energy prices are more threatened by the economy than equities are. North American stock futures and European stocks are up this morning on speculation that China will enact new stimulus measures, despite the lacklustre US economic releases.

There were mixed results in the slew of economic releases this morning. Jobless claims fell to a two month low this morning, beating forecasts. This could be a signal that employers are confident that sales will soon pick up. GDP and orders for durable goods, however, held disappointing results. The US Economy grew at a slower pace than projected last quarter at 1.3% annualized. Personal Consumption also grew at a slower rate last quarter than forecast. Orders for durable goods slipped 13% last month, the largest decline since January 2009.

The Canadian Auto Workers union reached a four year agreement with Chrysler yesterday, wrapping up contract negotiations with all three Detroit auto makers and avoiding the need for a painful strike. The auto companies sought to reduce employment costs, especially in the face of a rising loonie. Key clauses that the CAW reached with Ford and General Motors last week were included in the deal with Chrysler, such as replacing cost-of-living raises with bonuses, reducing starting wages and extending the required time to reach the top pay grade. Some major triumphs for the CAW include GM guaranteeing \$675 million of new Canadian investment, Ford promising 650 new jobs, and Chrysler maintaining about 7,500 Canadian jobs in their two Ontario assembly plants.

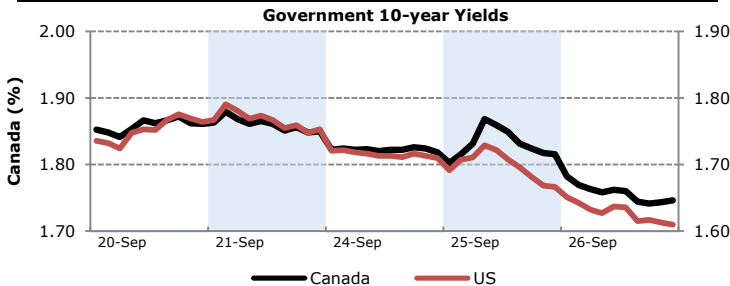
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

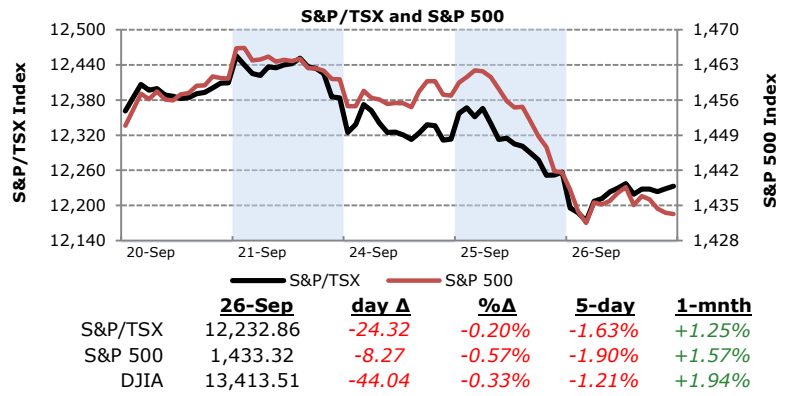
United States	Period	Survey	Actual	Prior
Durable Goods Orders		-5%	-13.2%	4.2%
Continuing Claims		3287.5K	3271K	3272K
Initial Jobless Claims		375K	359K	382K
GDP QoQ (Annualized)		1.7%	1.3%	1.7%

Canada	Period	Survey	Actual	Prior
None Scheduled				

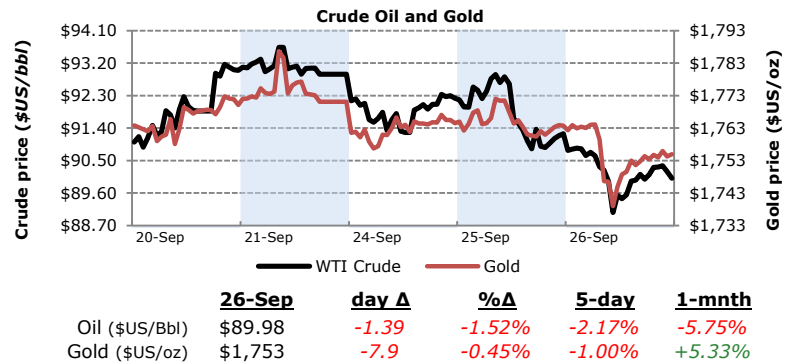
## Interest Rates



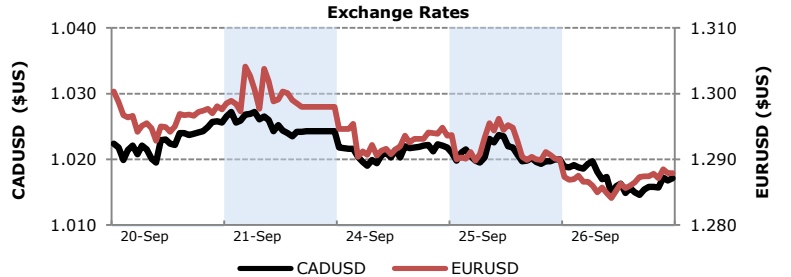
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	26-Sep	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.986	+0.005	0.975	0.988	1.040
EURUSD	\$1.287	-0.003	1.305	1.257	1.335
USDJPY	¥77.75	-0.050	78.380	78.51	76.79

Government 10-year Yields

	26-Sep	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.75%	-0.069%	1.81%	1.68%	2.20%
United States	1.61%	-0.057%	1.65%	1.58%	1.97%

## 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.

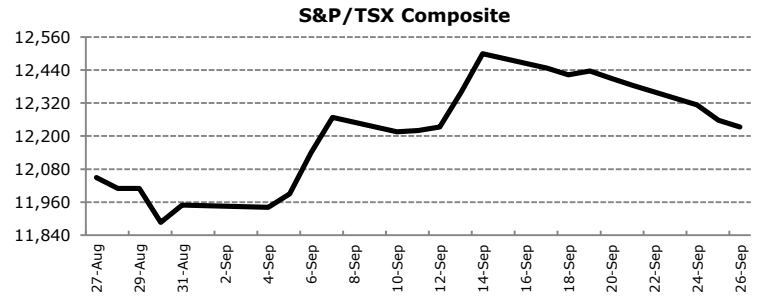
<http://www.rotman.utoronto.ca/financeassociation>

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	<b>26-Sep</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,232.86	-24.32	-0.20%
<b>Trailing S&amp;P/TSX</b>			
5-day		-1.63%	-1.64%
1-month		+1.25%	+1.52%
3-months		+7.93%	+7.58%
6-months		-2.72%	-2.53%
12-months		+4.49%	+4.33%



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.45%	-0.64%	-0.58%	+12.72%
C. Staples	-0.18%	-0.33%	-3.18%	+14.90%
Energy	-0.84%	-2.73%	-0.05%	+4.08%
Financials	-0.32%	-0.76%	+2.21%	+6.86%
Healthcare	-0.17%	+1.64%	-3.81%	+21.90%
Info Tech	-0.48%	-2.31%	-1.42%	-12.18%
Industrials	-0.65%	-2.59%	-0.83%	+19.18%
Materials	+0.25%	-3.43%	+6.68%	-9.17%
Metals & Mining	-1.34%	-7.69%	+2.53%	-0.45%
Telecom	+0.41%	+1.20%	-1.46%	+11.29%
Utilities	+0.19%	-0.15%	-2.69%	-0.92%

**TSX Top Performers**

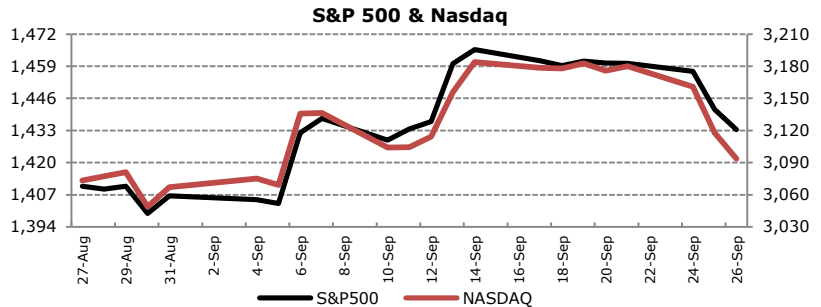
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Research In Motion	+5.85%	-2.13%	+0.00%	-70.28%
Fortuna Silver Mines Inc	+3.32%	-6.04%	+12.31%	-8.48%
Dorel Industries-Cl B	+3.22%	+4.16%	+7.39%	+45.66%
Lake Shore Gold Corp	+3.19%	+2.11%	-4.90%	-36.18%
Centerra Gold Inc	+3.11%	-5.61%	+37.56%	-41.83%

**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>
Agf Management Ltd-Class	-9.09%	-15.36%	-2.84%	-26.67%
Celestica Inc	-5.83%	-8.37%	-11.13%	-12.95%
Niko Resources Ltd	-4.73%	+15.61%	-26.08%	-74.77%
Cameco Corp	-4.45%	-7.95%	-13.89%	-3.73%
Penn West Petroleum Ltd	-4.30%	-6.10%	-4.24%	-16.71%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
26-Sep	1,433.32	13,413.51	3,093.70
1-day	-0.57%	-0.33%	-0.77%
5-day	-1.90%	-1.21%	-2.79%
1-month	+1.57%	+1.94%	+0.78%
3-months	+8.59%	+7.01%	+8.40%
6-months	+1.19%	+1.30%	-0.92%
12-months	+23.25%	+21.46%	+22.93%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.67%	-2.30%	+2.72%	+27.59%
C. Staples	-0.03%	-0.37%	+0.75%	+19.02%
Energy	-0.89%	-1.68%	+1.70%	+19.85%
Financials	-0.72%	-3.08%	+2.60%	+26.92%
Healthcare	-0.53%	+0.45%	+3.73%	+25.28%
Info Tech	-0.82%	-3.31%	+0.04%	+25.11%
Industrials	-0.46%	-2.91%	-0.26%	+22.08%
Materials	-0.55%	-3.03%	+2.44%	+17.75%
Telecom	-0.16%	+0.38%	+3.96%	+29.96%
Utilities	+0.22%	+1.34%	-0.04%	+7.95%

**DJIA Top Performers**

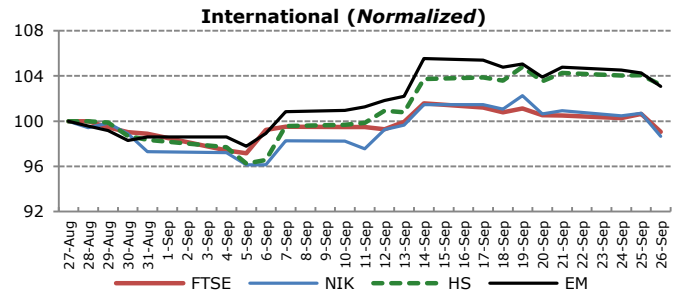
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Hewlett-Packard Co	+2.39%	-5.47%	-2.67%	-27.47%
Boeing Co/The	+1.25%	+0.50%	-1.18%	+11.90%
Alcoa Inc	+0.57%	-6.12%	+3.01%	-15.17%

**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>
American Express Co	-1.73%	-4.31%	-2.35%	+19.24%
Walt Disney Co/The	-1.14%	-1.44%	+4.80%	+66.69%
Bank Of America Corp	-1.12%	-5.06%	+8.09%	+36.11%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	5,768.09	8,906.70	20,527.73	990.37
1-day	-1.56%	-2.03%	-0.83%	-1.15%
5-day	-2.04%	-3.53%	-1.51%	-1.89%
1-month	-0.15%	-1.81%	+3.26%	+2.58%
3-months	+5.90%	+2.80%	+8.14%	+9.21%
6-months	-2.28%	-11.10%	-0.68%	-5.17%
12-months	+13.34%	+6.36%	+17.92%	+16.31%



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### Nymex WTI Crude Oil

(\$US/Bbl)	26-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$89.98	-\$1.39	-1.52%	-2.17%	-5.75%
Cal 13	\$91.48	-\$1.11	-1.20%	-1.58%	-3.91%
Cal 14	\$89.71	-\$0.75	-0.82%	-0.58%	-2.40%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$94.50	\$95.00	\$100.00	\$100.00	\$101.00
Current Forward	\$91.15	\$91.82	\$91.67	\$91.27	\$89.71

### Inventory Levels (as of Sep-21)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	365,180	-2,446	337,426	319,411
Motor Gas	195,828	-481	214,389	200,481
Distillates	127,748	-482	171,756	140,851



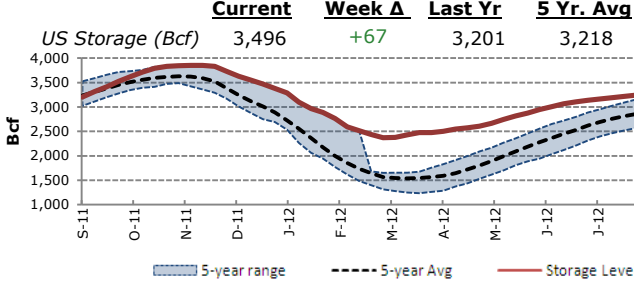
### UK Brent Crude Oil

(\$US/Bbl)	26-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$110.04	-\$0.41	-0.37%	+1.71%	-2.26%

### Nymex Natural Gas

(\$US/MMbtu)	26-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.02	+\$0.10	+3.39%	+9.45%	+13.95%
Nov12-Mar13	\$3.40	-\$0.02	-0.70%	+3.75%	+1.11%
Apr13-Oct13	\$3.70	+\$0.05	+1.50%	+4.99%	+4.28%
Nov13-Mar14	\$4.04	-\$0.00	-0.10%	+2.77%	+2.24%
Apr14-Oct14	\$4.06	+\$0.05	+1.36%	+4.13%	+4.54%

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



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

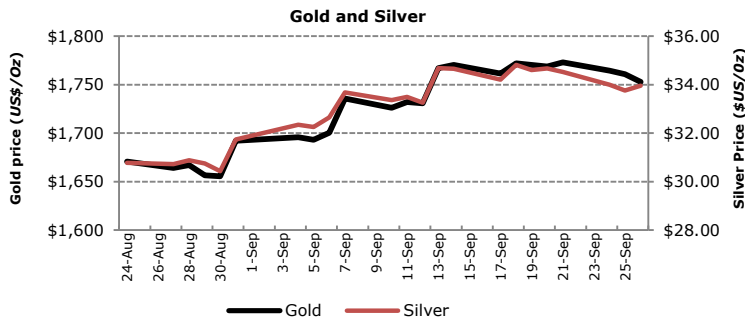


### Alberta Natural Gas

(\$CAD/GJ)	26-Sep	day Δ	%Δ
AECO Oct-12	\$2.43	+\$0.03	+1.3%

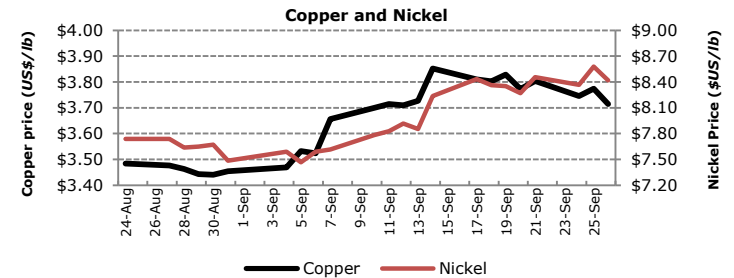
### Precious Metals

\$US/oz	26-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,752.75	-\$7.90	-0.4%	-1.0%	+5.3%	+12.9%
Silver	\$33.96	+\$0.20	+0.6%	-1.9%	+10.5%	+28.7%
Platinum	\$1,636	+\$7.75	+0.5%	-0.3%	+5.9%	+17.7%



### Industrial Metals

\$US/lb	26-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.71	-\$0.06	-1.6%	-3.0%	+6.8%	+11.7%
Nickel	\$8.42	-\$0.16	-1.8%	+0.8%	+8.8%	+9.9%
Zinc	\$1.02	-\$0.01	-1.1%	-1.6%	+11.6%	+13.7%
Aluminum	\$0.93	-\$0.01	-1.1%	-4.1%	+9.4%	+12.0%
Uranium	\$46.40	+\$0.00	0.0%	-0.7%	-4.3%	-8.6%



### Agriculture & Other

	26-Sep	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.25	-\$0.19	-2.6%	-4.2%	-9.5%
Wheat (\$US/bu)	\$8.69	-\$0.17	-1.9%	-1.4%	-1.4%
Soybeans (\$US/bu)	\$15.73	-\$0.38	-2.4%	-5.8%	-8.5%
Rough Rice (\$US/cwt)	\$15.00	+\$0.12	+0.8%	-0.8%	-3.8%
Sugar #11 (¢US/lb)	¢20.38	-\$0.34	-1.6%	+3.5%	+0.6%
Lean Hogs (¢US/lb)	¢74.38	-\$0.28	-0.4%	-0.5%	+4.7%
Live Cattle (¢US/lb)	¢124.75	-\$0.65	-0.5%	-3.4%	-2.0%
Cotton No.2 (\$US/lb)	\$0.71	-\$0.01	-1.8%	-7.1%	-6.7%
Lumber (\$US/Mbft)	\$269.90	-\$2.50	-0.9%	-1.5%	-7.5%

### Commodity ETFs

\$CAD	26-Sep	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.49	-\$0.10	-2.2%	-4.7%	-12.6%
HBP Nat Gas U	\$14.35	+\$0.71	+5.2%	+15.4%	+27.7%
HBP Comex Gold	\$17.50	-\$0.08	-0.5%	-1.1%	+5.0%

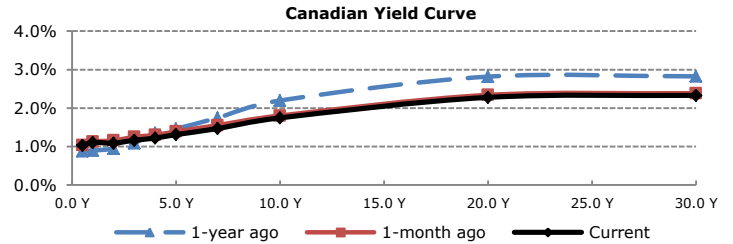
\$USD	26-Sep	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$33.34	-\$0.41	-1.2%	-2.3%	-6.4%
US Nat Gas	\$20.52	+\$0.51	+2.5%	+7.5%	+14.3%
PSDB Agriculture	\$29.01	-\$0.49	-1.7%	-3.1%	-3.1%
PSDB Base Metals	\$19.60	-\$0.24	-1.2%	-2.6%	+8.3%

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## Interest Rates

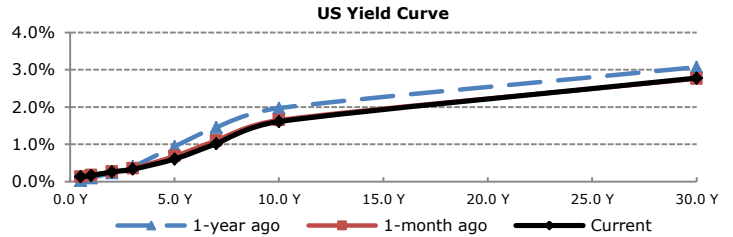
### Canadian yield curve

	26-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	1.00%	-	1.00%	0.86%	0.86%
6-mnth	1.03%	-	1.04%	0.93%	0.88%
12-mnth	1.11%	-	1.13%	0.94%	0.90%
2-year	1.09%	-0.03%	1.16%	0.95%	0.95%
5-year	1.31%	-0.05%	1.39%	1.17%	1.46%
10-year	1.75%	-0.07%	1.81%	1.68%	2.20%
20-year	2.28%	-0.05%	2.34%	2.26%	2.82%
30-year	2.33%	-0.05%	2.39%	2.29%	2.83%

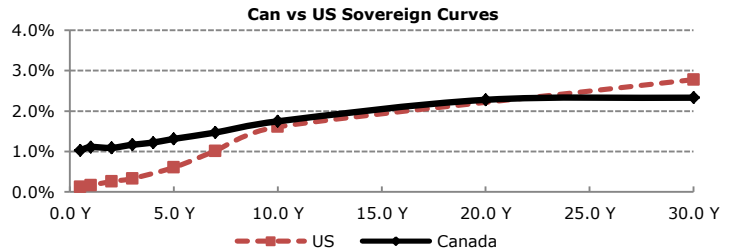
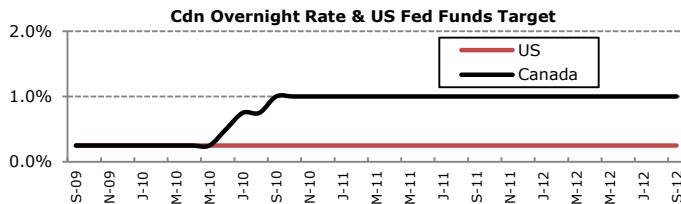


### US yield curve

	26-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.10%	-0.01%	0.09%	0.08%	0.01%
6-mnth	0.13%	-0.01%	0.13%	0.15%	0.03%
12-mnth	0.16%	-0.01%	0.17%	0.20%	0.10%
2-year	0.26%	-0.00%	0.26%	0.30%	0.24%
5-year	0.61%	-0.04%	0.68%	0.69%	0.94%
10-year	1.61%	-0.06%	1.65%	1.58%	1.97%
30-year	2.78%	-0.07%	2.76%	2.68%	3.07%



	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	26-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.986	+0.005	0.988	1.033	1.040
EURUSD	\$1.287	-0.003	1.257	1.244	1.335
USDJPY	¥77.75	-0.050	78.51	79.46	76.79
GBPUSD	\$1.617	-0.002	1.582	1.552	1.546
AUDUSD	\$1.037	-0.002	1.038	1.005	0.966

Spot	26-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥78.88	-0.450	79.44	76.90	73.82
CADAUD	\$0.978	-0.003	0.975	0.964	0.995
GBPCAD	£1.593	+0.006	1.563	1.604	1.608
EURJPY	¥100.08	-0.280	98.64	98.87	102.51
EURAUD	\$1.24	-0.000	1.21	1.24	1.38

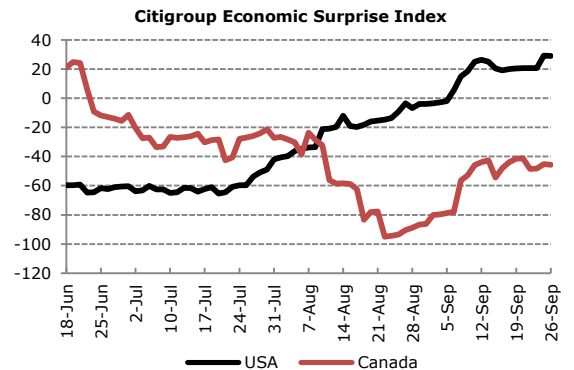
## Economic Releases

### United States

	Period	Survey	Actual	Prior
Tue, Sep 25	Consumer Confidence	63.1	70.3	60.6
Wed, Sep 26	MBA Mortgage Applications	--	2.8%	-0.2%
Wed, Sep 26	New Home Sales	380K	373K	372K
Thu, Sep 27	Durable Goods Orders	-5%	-13.2%	4.2%
Thu, Sep 27	Continuing Claims	3287.5K	3271K	3272K
Thu, Sep 27	Initial Jobless Claims	375K	359K	382K
Thu, Sep 27	GDP QoQ (Annualized)	1.7%	1.3%	1.7%
Fri, Sep 28	Personal Income	0.2%	--	0.3%

### Canada

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



## Economics

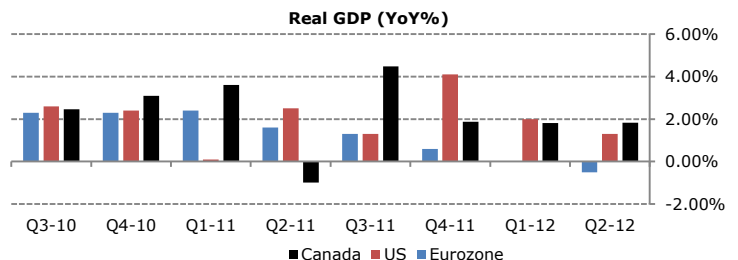
Canada	Q3-11	Q4-11	Q1-12	Q2-12	2012E
Real GDP	4.48%	1.87%	1.81%	1.82%	2.00%
CPI	3.00%	2.70%	2.33%	1.57%	1.70%
Unemployment	7.20%	7.50%	7.20%	7.20%	7.30%

US	Q3-11	Q4-11	Q1-12	Q2-12	2012E
Real GDP	1.30%	4.10%	2.00%	1.30%	2.20%
CPI	3.77%	3.30%	2.83%	1.90%	2.00%
Unemployment	9.00%	8.50%	8.20%	8.20%	8.20%

China	Q3-11	Q4-11	Q1-12	Q2-12	2012E
Real GDP	9.10%	8.90%	8.10%	7.60%	7.70%



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