

## Today's Commentary

The S&P/TSX composite was flat on Friday, closing at 12,844, while the S&P 500 and Dow lost 0.41 and 0.46 percent respectively. Precious metals performed well as investors sought safety in light of the U.S. federal budget negotiations. Financials also helped lift the TSX, with TD Bank shares posting a 0.5 percent gain. Economic data in the U.S. showed household spending rose in August, but the federal debt ceiling remains the market's primary focus. S&P 500 futures were trading down about 0.6 percent on Sunday evening.

On Monday the U.S. government will have its last opportunity to reach a budget deal to avoid a furlough of federal workers on October 1<sup>st</sup>. One consequence of the furlough would be that the Labor Department will not issue its monthly employment report on Friday, which would add to uncertainty about the economic recovery. Treasury yields declined on Friday, with the ten-year yield at 2.62 percent as investors looked for safety. Congress has until October 17 to agree on a new federal borrowing limit, since the current \$16.7 trillion ceiling will soon be exceeded. The five-year CDS on U.S. treasuries is now trading at 32 basis points, as compared to 62 basis points during the last fiscal ceiling negotiations in 2011.

The volume of IPOs in Europe grew six times in the third quarter as strengthening economies and cheap valuations have started to draw attention from investors. The rate of IPO growth in the region was more than double the rate at which companies were going public in the United States. Goldman reported that U.S. investors bought more than \$65 billion of European equities in Q1 and Q2 of this year, on top of more than 80 billion euros deployed by European asset managers in the past 12 months. Part of the flow stems from concerns that the run up in U.S. equities has left limited room for further risk adjusted returns and investors are looking to rebalance into equities with room for further growth. These flows come in spite of the European Central Bank projecting the overall Eurozone economy to contract by 0.4 percent for the year and most analysts suggesting that growth in the next year will be tepid.

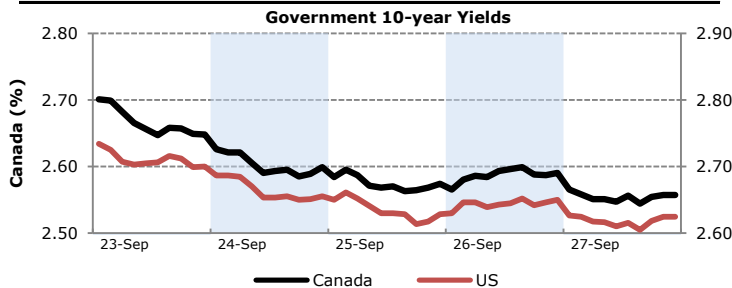
Data released this morning by Statistics Canada suggests that the Canadian Economy expanded at the fastest month over month rate for two years in the month of July. GDP climbed 0.6 percent in July to \$1.58 trillion on an annualized basis. On a year over year basis activity in the Canadian economy picked up 1.4 percent. The growth was primarily led by construction, manufacturing and resource extraction which grew by 1.9, 1.1 and 1.4 percent respectively. Despite the acceleration in July most private sector economists do not foresee growth in Canada reaching the BoC's 3.8 percent forecast for the year.

## Today's Major Economic Releases

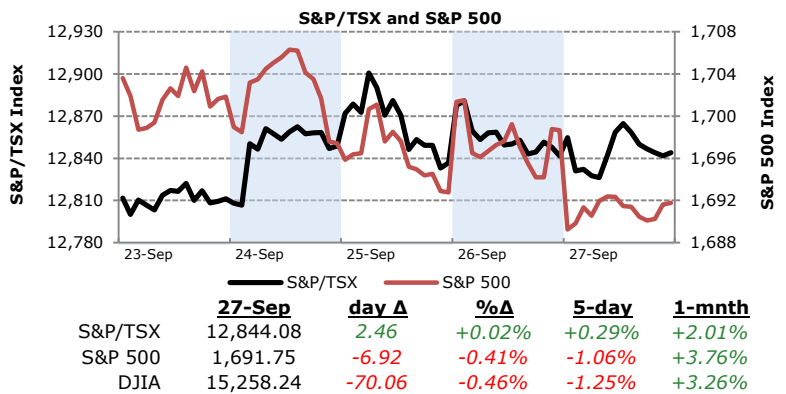
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
GDP MoM	31-Aug	0.5%	0.6%	-0.5%

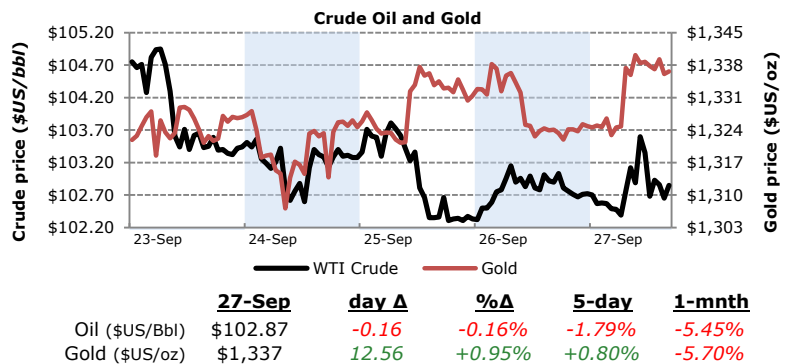
## Interest Rates



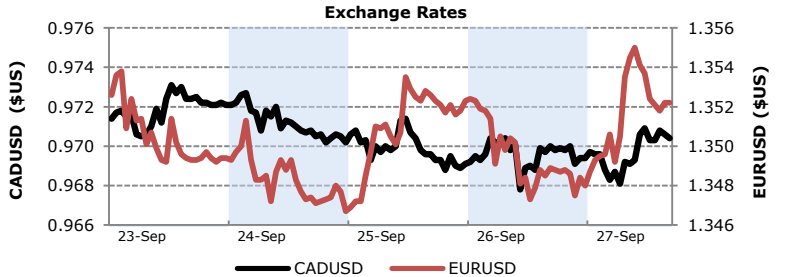
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	27-Sep	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.031	-0.000	1.030	1.049	0.988
EURUSD	\$1.352	+0.003	1.352	1.334	1.291
USDJPY	¥98.24	-0.750	99.360	97.64	78.49

Government 10-year Yields

	27-Sep	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.56%	-0.033%	2.62%	2.44%	1.76%
United States	2.62%	-0.025%	2.77%	2.49%	1.65%

## 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.

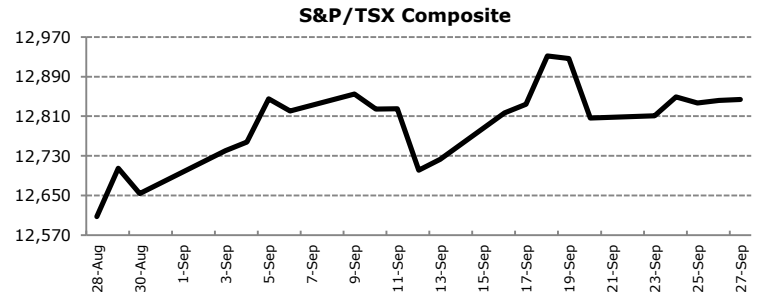
<http://www.rotman.utoronto.ca/financeassociation>

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	<b>27-Sep</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,844.08	2.46	+0.02%
<b>Trailing S&amp;P/TSX TSX 60</b>			
5-day	+0.29%	+0.26%	
1-month	+2.01%	+1.87%	
3-months	+6.98%	+6.86%	
6-months	+1.14%	+1.17%	
12-months	+4.09%	+4.43%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.57%	+0.63%	+4.10%	+36.59%
C. Staples	+0.70%	+1.53%	+2.39%	+28.19%
Energy	+0.03%	+0.74%	+2.88%	+1.65%
Financials	+0.15%	+1.03%	+3.54%	+17.65%
Healthcare	-0.38%	-1.95%	-1.67%	+24.11%
Info Tech	+0.34%	-0.43%	+0.62%	+41.23%
Industrials	+0.03%	+0.50%	+6.36%	+25.35%
Materials	-0.16%	-1.40%	-6.61%	-33.29%
Metals & Mining	-1.58%	-0.70%	+3.37%	-10.21%
Telecom	-0.59%	+0.04%	+4.91%	+5.40%
Utilities	-0.29%	-0.32%	+2.39%	-9.33%

**TSX Top Performers**

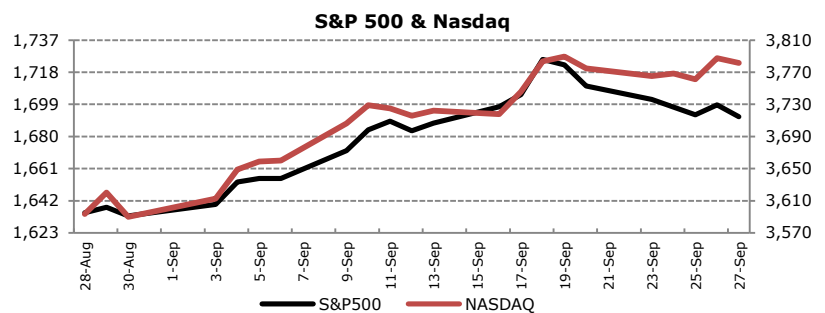
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Trilogy Energy Corp	+10.98%	+8.25%	+3.68%	+16.13%
Athabasca Oil Corp	+9.33%	+6.84%	+7.99%	-38.93%
Petrominerales Ltd	+7.65%	+8.20%	+26.84%	+4.81%
Advantage Oil & Gas Ltd	+4.79%	+5.91%	+3.14%	+7.65%
Novagold Resources Inc	+4.35%	-1.64%	-26.15%	-56.91%

**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>
Martinea International I	-10.16%	-9.57%	-6.41%	+53.03%
Teck Resources Ltd-Cls B	-4.06%	-0.78%	+4.97%	-0.27%
Capstone Mining Corp	-3.44%	+1.20%	+13.96%	-0.39%
Air Canada-Class B	-2.16%	+9.70%	+35.58%	+185.04%
Bankers Petroleum Ltd	-2.08%	+1.90%	+15.69%	+27.46%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
27-Sep	1,691.75	15,258.24	3,781.59
1-day	-0.41%	-0.46%	-0.15%
5-day	-1.06%	-1.25%	+0.18%
1-month	+3.76%	+3.26%	+5.67%
3-months	+4.87%	+1.56%	+11.16%
6-months	+8.25%	+5.04%	+16.12%
12-months	+16.90%	+13.14%	+20.56%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.05%	-0.17%	+5.99%	+29.74%
C. Staples	-0.61%	-2.05%	+2.05%	+11.72%
Energy	-0.31%	-0.75%	+3.20%	+10.11%
Financials	-0.39%	-1.92%	+3.31%	+28.21%
Healthcare	+0.05%	-1.63%	+3.76%	+25.73%
Info Tech	-0.59%	-0.54%	+3.55%	+4.82%
Industrials	-0.63%	-0.49%	+5.96%	+25.92%
Materials	-1.20%	-1.07%	+4.57%	+13.57%
Telecom	-0.97%	-1.04%	+0.45%	-5.13%
Utilities	-0.68%	-0.49%	+0.66%	+3.29%

**DJIA Top Performers**

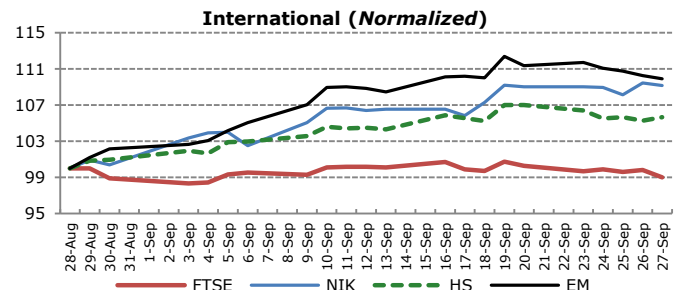
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Nike Inc -CI B	+4.69%	+6.16%	+17.63%	+55.71%
Microsoft Corp	+1.59%	+1.80%	+0.12%	+13.64%
Pfizer Inc	+1.26%	-0.31%	+3.18%	+19.71%

**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>
Intel Corp	-1.84%	-3.40%	+3.65%	+3.68%
Cisco Systems Inc	-1.77%	-4.69%	-0.51%	+27.96%
Intl Business Machines Co	-1.73%	-1.63%	+2.29%	-7.55%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	6,512.66	14,760.07	23,207.04	999.88
1-day	-0.81%	-0.26%	+0.35%	-0.31%
5-day	-1.27%	-0.04%	-1.26%	-1.31%
1-month	+1.11%	+8.99%	+6.09%	+9.22%
3-months	+4.31%	+11.70%	+13.54%	+8.75%
6-months	+1.96%	+18.14%	+3.30%	-3.12%
12-months	+12.69%	+64.92%	+11.77%	+0.15%



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### Nymex WTI Crude Oil

(\$US/Bbl)	27-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$102.87	-\$0.16	-0.16%	-1.79%	-5.45%
Cal 14	\$96.47	-\$0.45	-0.46%	-0.84%	-1.23%
Cal 15	\$88.88	-\$0.64	-0.72%	-0.88%	-1.41%

(\$US/bbl)	Q1-14	Q2-14	Q3-14	Q4-14	2015
Consensus Forecast	\$102.00	\$98.00	\$99.00	\$98.00	\$101.00
Current Forward	\$100.44	\$97.44	\$94.96	\$93.02	\$88.88

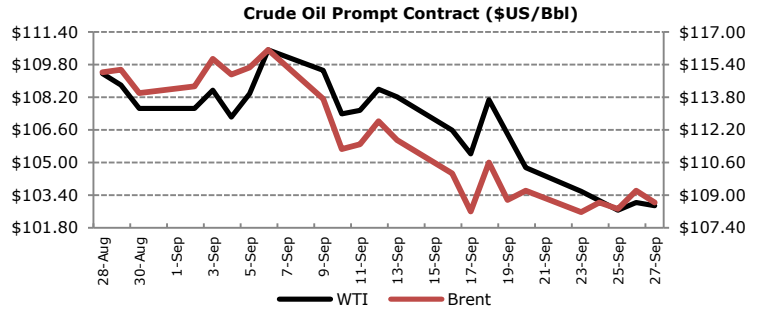
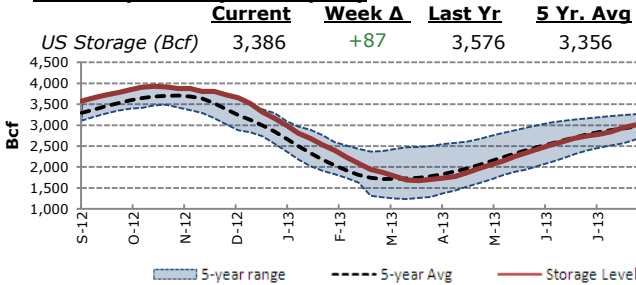
### Inventory Levels (as of Sep-20)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	358,260	+2,635	337,426	319,411
Motor Gas	216,235	+217	214,389	200,481
Distillates	130,859	-234	171,756	140,851

### Nymex Natural Gas

(\$US/MMbtu)	27-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.59	+\$0.02	+0.62%	-2.66%	+0.20%
Nov13-Mar14	\$3.79	+\$0.02	+0.51%	-3.90%	+1.04%
Apr14-Oct14	\$3.87	+\$0.01	+0.38%	-2.49%	+1.71%
Nov14-Mar15	\$4.16	+\$0.02	+0.39%	-2.05%	+1.15%
Apr15-Oct15	\$4.02	+\$0.02	+0.38%	-1.51%	+0.63%

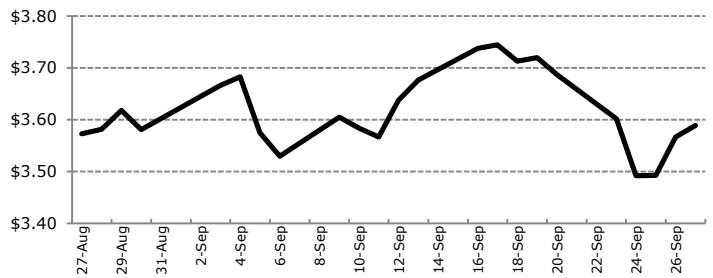
### Inventory Levels (as of Sep-20)



### UK Brent Crude Oil

(\$US/Bbl)	27-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$108.63	-\$0.58	-0.53%	-0.54%	-5.67%

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

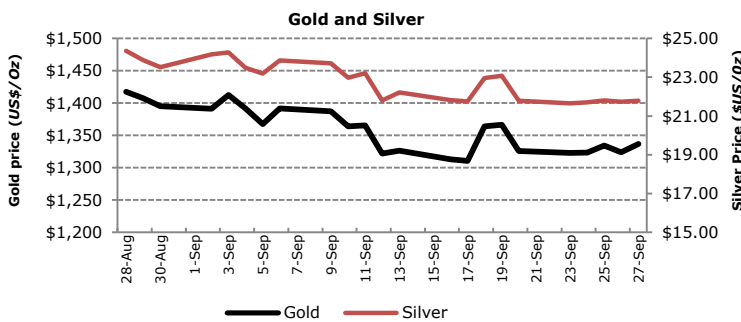


### Alberta Natural Gas

(\$CAD/GJ)	27-Sep	day Δ	%Δ
AECO Oct-13	\$3.12	+\$0.83	+36.5%

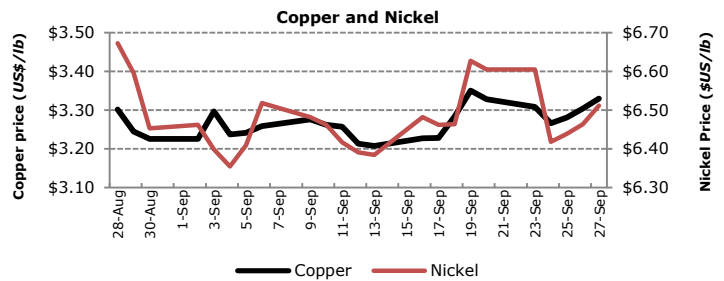
### Precious Metals

\$US/oz	27-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,336.65	+\$12.56	+0.9%	+0.8%	-5.7%	+6.7%
Silver	\$21.79	+\$0.05	+0.3%	+0.0%	-10.6%	+10.2%
Platinum	\$1,421	+\$9.20	+0.7%	-0.8%	-7.6%	+5.7%



### Industrial Metals

\$US/lb	27-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.33	+\$0.03	+0.8%	+0.1%	+0.8%	+4.9%
Nickel	\$6.51	+\$0.05	+0.7%	-1.4%	-2.4%	+0.6%
Zinc	\$0.95	+\$0.01	+0.9%	+1.0%	-2.5%	+2.5%
Aluminum	\$0.81	+\$0.01	+1.3%	0.0%	-2.4%	0.0%
Uranium	\$35.25	+\$0.35	+1.0%	+0.4%	+2.2%	-10.5%



### Agriculture & Other

	27-Sep	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.54	-\$0.03	-0.6%	+0.7%	-5.7%
Wheat (\$US/bu)	\$6.83	+\$0.05	+0.7%	+5.7%	+4.4%
Soybeans (\$US/bu)	\$13.20	+\$0.03	+0.2%	+0.3%	-3.6%
Rough Rice (\$US/cwt)	\$15.40	+\$0.08	+0.5%	-0.9%	-2.1%
Sugar #11 (¢US/lb)	¢17.74	¢0.45	-2.5%	+0.0%	+5.0%
Lean Hogs (¢US/lb)	¢88.13	¢0.40	+0.5%	+2.4%	+4.5%
Live Cattle (¢US/lb)	¢132.08	¢0.50	+0.4%	+1.8%	+1.4%
Cotton No.2 (\$US/lb)	\$0.87	+\$0.01	+1.4%	+2.5%	+4.1%
Lumber (\$US/Mbft)	\$341.80	+\$0.50	+0.1%	-3.5%	+8.8%

### Commodity ETFs

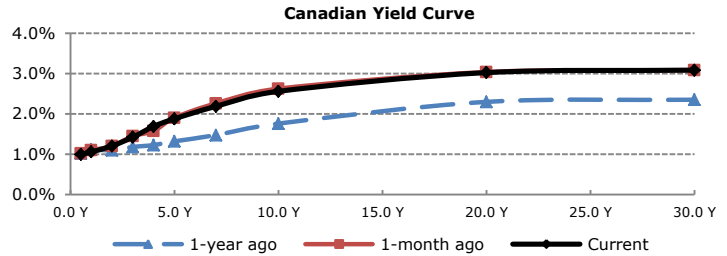
	27-Sep	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$5.16	-\$0.04	-0.8%	-4.3%	-11.0%
HBP Nat Gas U	\$10.35	+\$0.15	+1.5%	-8.9%	-3.9%
HBP Comex Gold	N/A	-	-	-	-
<b>\$USD</b>					
US Crude Oil	\$36.96	-\$0.12	-0.3%	-2.14%	-4.9%
US Nat Gas	\$18.48	+\$0.12	+0.7%	-4.55%	-1.5%
PSDB Agriculture	\$25.44	-\$0.05	-0.2%	1.27%	+1.0%
PSDB Base Metals	\$16.68	+\$0.13	+0.8%	1.15%	-2.9%

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## Interest Rates

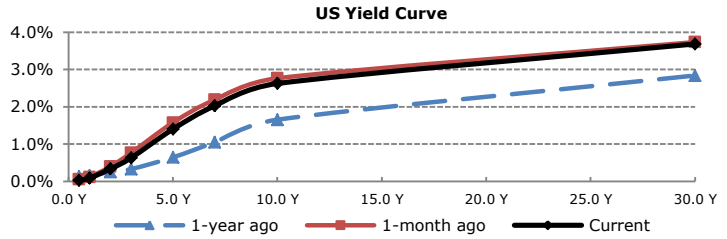
### Canadian yield curve

	<b>27-Sep</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.98%	-	0.99%	1.02%	0.98%
6-mnth	0.99%	-	1.02%	1.05%	1.02%
12-mnth	1.06%	-0.01%	1.10%	1.13%	1.11%
2-year	1.20%	-0.02%	1.20%	1.22%	1.10%
5-year	1.88%	-0.04%	1.90%	1.80%	1.32%
10-year	2.56%	-0.03%	2.62%	2.44%	1.76%
20-year	3.02%	-0.03%	3.03%	2.86%	2.30%
30-year	3.08%	-0.03%	3.08%	2.90%	2.35%

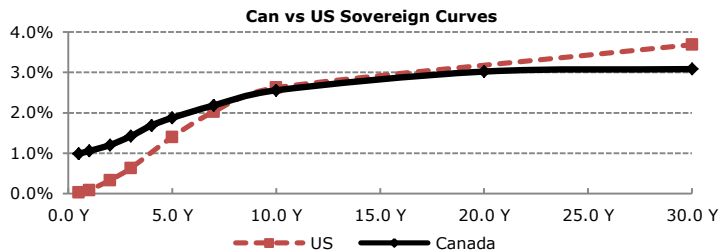
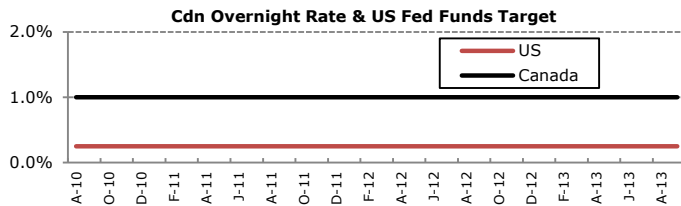


### US yield curve

	<b>27-Sep</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.01%	+0.01%	0.03%	0.03%	0.09%
6-mnth	0.03%	-	0.06%	0.09%	0.13%
12-mnth	0.09%	-0.01%	0.12%	0.14%	0.16%
2-year	0.33%	-0.01%	0.39%	0.36%	0.25%
5-year	1.40%	-0.03%	1.58%	1.39%	0.64%
10-year	2.62%	-0.03%	2.77%	2.49%	1.65%
30-year	3.69%	-0.01%	3.74%	3.50%	2.84%



	<b>Current</b>	<b>Prior</b>	<b>Next Meeting</b>	<b>Survey</b>
Cdn Overnight	1.00%	1.00%	23-Oct-13	1.00%
US Fed Funds	0.25%	0.25%	30-Oct-13	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

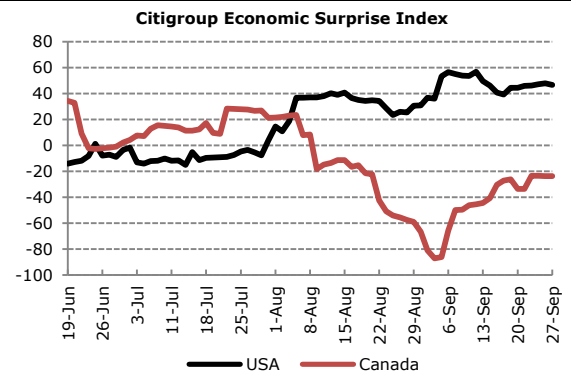
	<b>Spot</b>	<b>27-Sep</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.031	-0.000		1.049	1.047	0.988
EURUSD	\$1.352	+0.003		1.334	1.301	1.291
USDJPY	¥98.24	-0.750		97.64	97.72	78.49
GBPUSD	\$1.614	+0.010		1.553	1.531	1.608
AUDUSD	\$0.932	-0.005		0.894	0.928	1.022

	<b>Spot</b>	<b>27-Sep</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥95.33	-0.682		93.11	93.34	79.48
CADAUD	\$1.042	+0.006		1.067	1.029	0.991
GBPUSD	£1.663	+0.009		1.628	1.604	1.588
EURJPY	¥132.86	-0.660		130.25	127.17	101.30
EURAUD	\$1.45	+0.011		1.49	1.40	1.26

## Economic Releases

### United States

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Tue, Oct 01	ISM Manufacturing	30-Sep	55	--	55.7
Wed, Oct 02	ADP Employment Change	30-Sep	180K	--	176K
Thu, Oct 03	Factory Orders	31-Aug	0.3%	--	-2.4%
Thu, Oct 03	Continuing Claims	21-Sep	2800K	--	2823K
Thu, Oct 03	Initial Jobless Claims	28-Sep	314K	--	305K
Fri, Oct 04	Nonfarm Payroll	30-Sep	181K	--	162K
Fri, Oct 04	Unemployment Rate	30-Sep	7.3%	--	7.3%

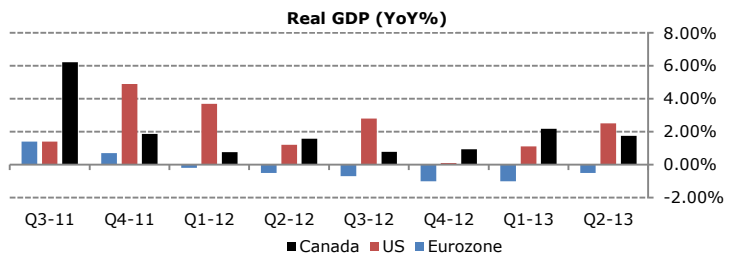


### Canada

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Mon, Sep 30	GDP MoM	31-Aug	0.5%	0.6%	-0.5%

## Economics

	<b>Q3-12</b>	<b>Q4-12</b>	<b>Q1-13</b>	<b>Q2-13</b>	<b>2013E</b>
<b>Canada</b>					
Real GDP	0.77%	0.93%	2.18%	1.75%	1.70%
CPI	1.23%	0.93%	0.90%	0.77%	1.10%
Unemployment	7.30%	7.10%	7.20%	7.10%	7.10%
<b>US</b>					
Real GDP	2.80%	0.10%	1.10%	2.50%	1.60%
CPI	1.70%	1.90%	1.70%	1.43%	1.60%
Unemployment	7.80%	7.80%	7.60%	7.60%	7.50%
<b>China</b>					
Real GDP	7.40%	7.90%	7.70%	7.50%	7.60%



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