

Today's Commentary

After the holidays in North America, Hong Kong and Japan, the markets are back today. On Friday, TSX closed down 0.02 percent on Friday, and S&P 500 and Dow closed up 0.41 percent and 0.42 percent respectively. Debt ceiling talks in the US between democrats and the GOP stalled, causing an uneasy start to the week for global markets. However, the renewed fear dissipated as the Senate began forming a new deal that would re-open the government until January 2014 and raise the nation's borrowing limit until February. The proposal could also force lawmakers to come to a long-term budget deal by December 13th and includes some minor changes to Obama's healthcare laws. The hope is that this deal will be agreed upon by both Harry Reid, the leading Senate democrat, and Mitch McConnell, a key Republican Senator. If this turns out to be the case then the pressure would be on House Republicans to approve the deal.

Three of the world's largest companies reported their earnings this morning. Atlanta-based Coca-Cola Co. (KO) posted adjusted net income earnings of \$2.45 billion, or 53 cents a share in the third quarter, up from \$2.31 billion this time last year. Shares of Coca-Cola are rising in premarket trading from this news. Johnson & Johnson (JNJ), the world's biggest maker of health-care products, reported a third quarter profit that beat analyst estimates due to a boost in its pharmaceutical business with the introduction of new drugs. J&J shares have gained 28 percent this year, in line with the company's continuous growth. The Patient Protection and Affordable Care Act of 2010, however, is expected to cost J&J about \$1 billion this year, because of rebates in the government's Medicaid program for the poor, drug cost cuts for the elderly, and a 2.3 percent excise tax on medical device sales. Citigroup, the third largest US bank posted a third quarter profit of \$3.23 billion, missing analysts' estimates. The bank reported weak performances across its business lines and is eliminating jobs, closing branches to counter weaker revenue from bond trading and drops in mortgage refinancing. The race to become the European's central hub of Chinese currency ended as UK and China negotiated the introduction of direct trading between the Yuan and British pound. Additional 80 billion quota for qualified financial institutions to invest in the Chinese Yuan was also approved. China is seeking a greater role for the Yuan in the global financial market. The British pound will become the fourth currency to have direct links with the Yuan after the greenback, Japanese Yen, and Australia dollar. The Chinese Yuan has become the 9th most-actively traded in the world.

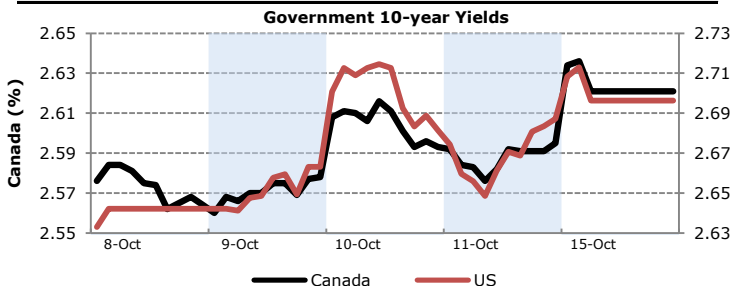
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

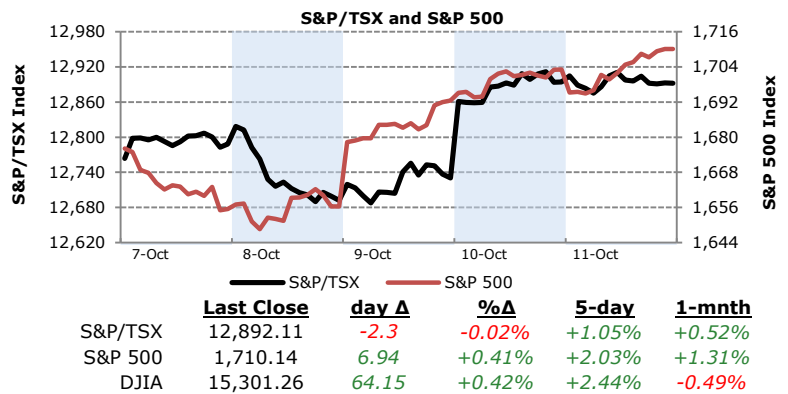
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

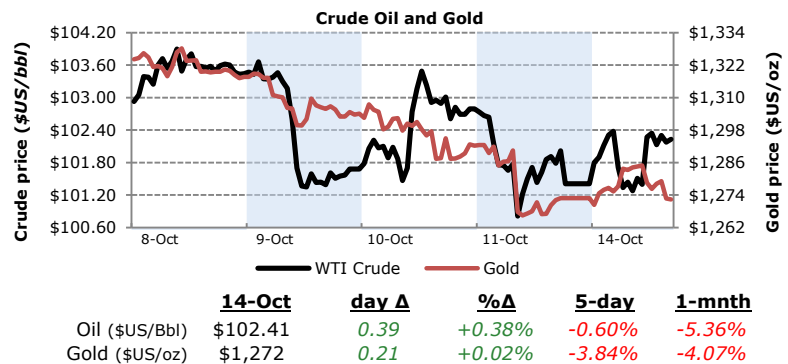
Interest Rates



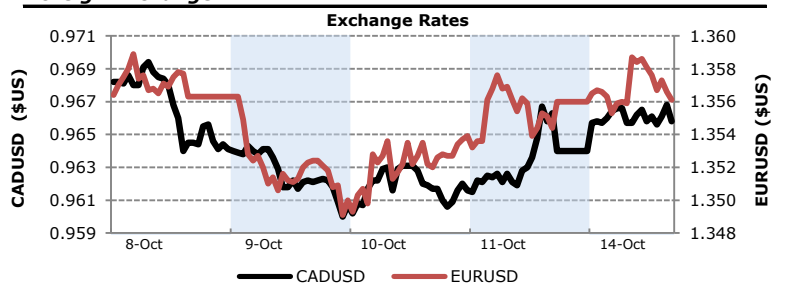
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	11-Oct	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.035		-0.005	1.029	1.032	0.978
EURUSD	\$1.354		+0.002	1.356	1.330	1.312
USDJPY	¥98.58		+0.420	97.480	99.54	78.93

	Government 10-year Yields		Historical levels		
	11-Oct	day Δ	-1 mnth	-3 mnths	-1 year
Canada	2.60%	0.002%	2.79%	2.43%	1.81%
United States	2.69%	0.000%	2.91%	2.58%	1.67%

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>

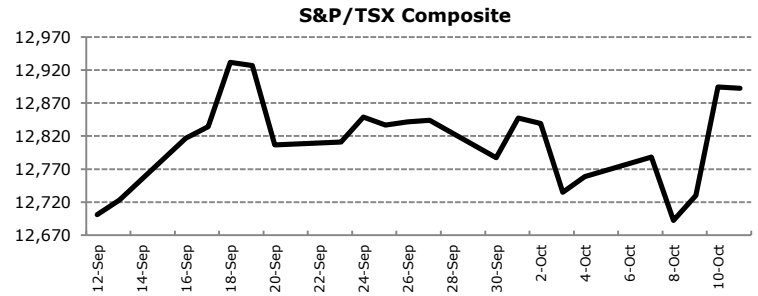
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	11-Oct	day Δ	%Δ
S&P/TSX	12,892.11	-2.3	-0.02%

	Trailing S&P/TSX	TSX 60
5-day	+1.05%	+1.27%
1-month	+0.52%	+0.56%
3-months	+3.19%	+3.51%
6-months	+3.29%	+3.80%
12-months	+5.38%	+6.13%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.09%	+1.24%	+2.97%	+40.21%
C. Staples	-0.12%	+2.24%	+1.40%	+29.77%
Energy	+0.46%	+1.65%	+1.52%	+3.63%
Financials	+0.43%	+1.85%	+1.49%	+19.74%
Healthcare	-0.44%	+0.28%	-0.93%	+26.45%
Info Tech	+0.40%	+2.26%	-0.66%	+42.30%
Industrials	-0.44%	+1.91%	+4.64%	+28.74%
Materials	-1.76%	-3.58%	-8.58%	-35.92%
Metals & Mining	+0.01%	-1.37%	-7.71%	-15.54%
Telecom	-0.32%	+1.36%	+0.81%	+5.06%
Utilities	+1.31%	+1.61%	+2.96%	-8.06%

TSX Top Performers

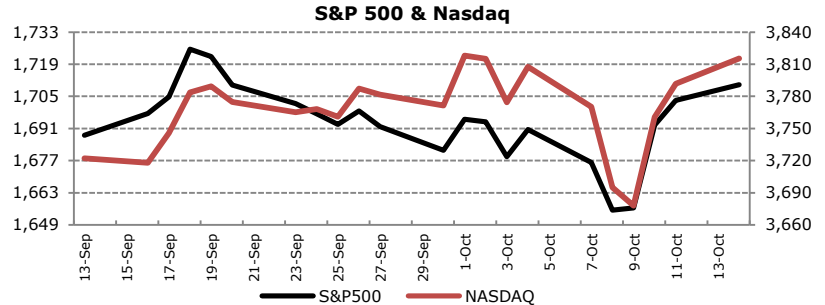
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Atlantic Power Corp		+5.25%	+7.28%	+19.00%	-65.61%
Canadian Energy Services		+5.18%	+0.52%	-4.33%	+68.37%
Athabasca Oil Corp		+2.79%	-0.94%	-3.40%	-43.75%
Capstone Mining Corp		+2.73%	+3.54%	+14.35%	+8.68%
Advantage Oil & Gas Ltd		+2.56%	-0.99%	-1.96%	+4.99%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Dundee Precious Metals In		-6.47%	-11.50%	-22.94%	-48.26%
Semafo Inc		-6.37%	-3.29%	+16.92%	-44.18%
Tmx Group Ltd		-6.20%	-7.76%	-10.75%	-15.67%
Rio Alto Mining Ltd		-6.01%	-4.97%	-29.22%	-69.72%
Detour Gold Corp		-5.83%	-11.44%	-27.79%	-73.31%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
14-Oct	1,710.14	15,301.26	3,815.28
1-day	+0.41%	+0.42%	+0.62%
5-day	+2.03%	+2.44%	+1.19%
1-month	+1.31%	-0.49%	+2.50%
3-months	+1.78%	-1.05%	+5.98%
6-months	+7.63%	+2.93%	+15.79%
12-months	+19.71%	+14.80%	+25.33%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.38%	+1.38%	+1.51%	+32.14%
C. Staples	+0.39%	+2.64%	+0.44%	+13.26%
Energy	+0.62%	+2.03%	+1.17%	+13.51%
Financials	+0.45%	+2.97%	+1.33%	+29.22%
Healthcare	+0.66%	+1.74%	+0.99%	+27.77%
Info Tech	+0.54%	+1.79%	+1.61%	+10.10%
Industrials	+0.23%	+2.11%	+2.03%	+27.44%
Materials	+0.32%	+1.44%	+1.45%	+17.10%
Telecom	-0.68%	-0.14%	-1.08%	-1.01%
Utilities	-0.58%	+2.45%	+2.67%	+3.92%

DJIA Top Performers

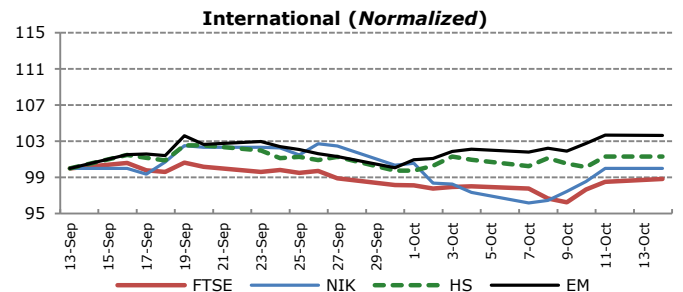
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Pfizer Inc		+2.19%	+2.55%	+2.95%	+16.84%
Boeing Co/The		+1.25%	+2.37%	+7.30%	+66.26%
Microsoft Corp		+1.03%	+3.36%	+4.46%	+17.98%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Merck & Co. Inc.		-1.14%	-2.38%	-2.18%	+2.48%
At&T Inc		-0.82%	-0.24%	-1.17%	-4.80%
Verizon Communications In		-0.59%	-1.02%	-1.99%	+4.91%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,507.65	14,404.74	#N/A N/A	1,022.65
1-day	+0.32%	+1.48%	#VALUE!	-0.05%
5-day	+1.09%	+2.71%	#VALUE!	+1.79%
1-month	-1.16%	-0.14%	#VALUE!	+3.63%
3-months	-0.57%	-0.47%	#VALUE!	+8.18%
6-months	+1.93%	+6.31%	#VALUE!	+0.30%
12-months	+12.33%	+68.54%	#VALUE!	+2.60%



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Nymex WTI Crude Oil

(\$US/Bbl)	14-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$102.41	+\$0.39	+0.38%	-0.60%	-5.36%
Cal 14	\$98.44	+\$0.25	+0.25%	+0.45%	+0.48%
Cal 15	\$90.88	+\$0.10	+0.11%	+0.37%	+1.71%

(\$US/bbl)	Q1-14	Q2-14	Q3-14	Q4-14	2015
Consensus Forecast	\$101.00	\$98.00	\$98.50	\$96.00	\$100.50
Current Forward	\$101.71	\$99.48	\$97.25	\$95.33	\$90.88

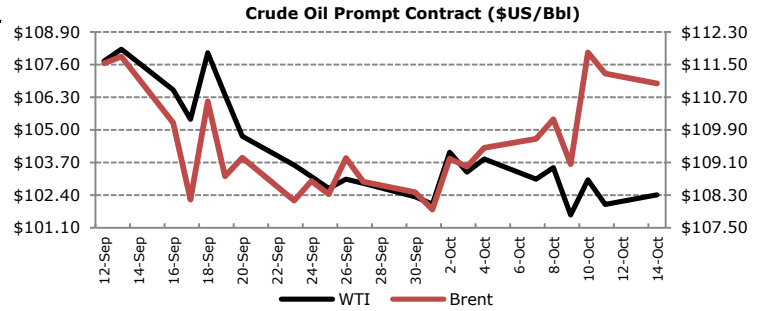
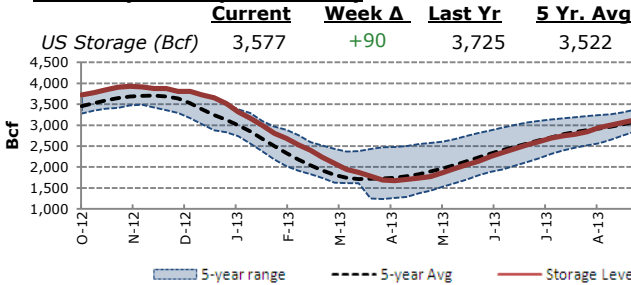
Inventory Levels (as of Oct-04)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	370,539	+6,807	337,426	319,411
Motor Gas	219,879	+149	214,389	200,481
Distillates	126,038	-3,141	171,756	140,851

Nymex Natural Gas

(\$US/MMbtu)	14-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.82	+\$0.04	+1.17%	+5.26%	+3.89%
Nov13-Mar14	\$3.99	+\$0.04	+0.98%	+4.46%	+3.49%
Apr14-Oct14	\$4.03	+\$0.03	+0.77%	+3.43%	+3.25%
Nov14-Mar15	\$4.27	+\$0.03	+0.63%	+2.72%	+2.04%
Apr15-Oct15	\$4.09	+\$0.02	+0.42%	+1.63%	+0.68%

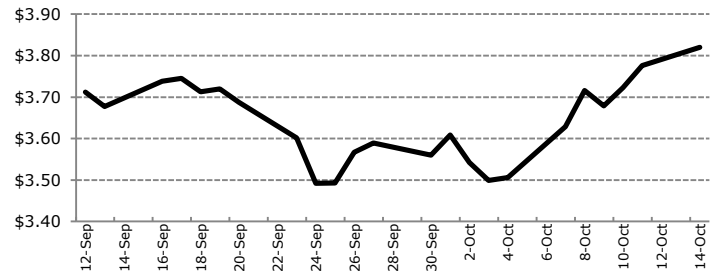
Inventory Levels (as of Oct-04)



UK Brent Crude Oil

(\$US/Bbl)	14-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$111.04	-\$0.24	-0.22%	+1.24%	-0.59%

Nat Gas Prompt (\$US/MMbtu)



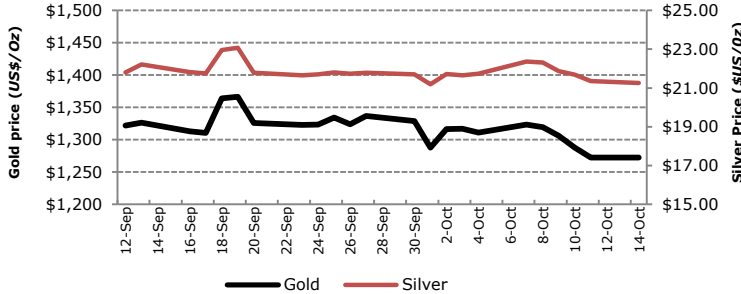
Alberta Natural Gas

(\$CAD/GJ)	11-Oct	day Δ	%Δ
AECO Nov-13	\$3.45	+\$0.03	+0.8%

Precious Metals

\$US/oz	14-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,272.39	+\$0.21	+0.0%	-3.8%	-4.1%	-1.8%
Silver	\$21.26	-\$0.10	-0.5%	-5.0%	-4.3%	+9.0%
Platinum	\$1,379	+\$8.13	+0.6%	-1.6%	-5.1%	-3.6%

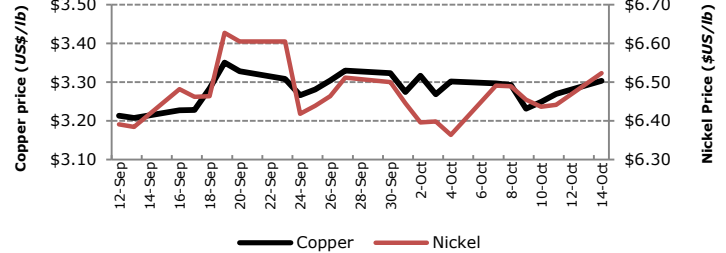
Gold and Silver



Industrial Metals

\$US/lb	14-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.30	+\$0.03	+1.0%	+0.2%	+3.0%	+4.9%
Nickel	\$6.52	+\$0.08	+1.3%	+0.5%	+2.2%	-0.5%
Zinc	\$0.94	+\$0.01	+0.5%	+2.7%	+1.4%	+1.9%
Aluminum	\$0.83	+\$0.00	0.0%	+2.5%	+5.1%	+2.5%
Uranium	\$35.15	+\$0.15	+0.4%	+0.4%	+3.4%	-3.7%

Copper and Nickel



Agriculture & Other

	14-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.37	+\$0.04	+0.9%	-2.7%	-4.8%
Wheat (\$US/bu)	\$6.93	+\$0.00	+0.0%	-0.3%	+8.0%
Soybeans (\$US/bu)	\$12.73	+\$0.06	+0.5%	-1.8%	-7.9%
Rough Rice (\$US/cwt)	\$15.16	+\$0.04	+0.3%	+2.2%	-1.7%
Sugar #11 (¢US/lb)	¢19.05	+¢0.12	+0.6%	+2.5%	+7.7%
Lean Hogs (¢US/lb)	¢86.35	-¢0.15	-0.2%	-1.7%	-1.0%
Live Cattle (¢US/lb)	¢133.15	+¢0.68	+0.5%	+0.6%	+3.1%
Cotton No.2 (\$US/lb)	\$0.84	+\$0.00	+0.3%	-0.5%	-1.0%
Lumber (\$US/Mbft)	\$333.80	+\$2.60	+0.8%	+0.7%	-3.0%

Commodity ETFs

	11-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$5.10	-\$0.09	-1.7%	-3.0%	-10.7%
HBP Nat Gas U	\$11.36	+\$0.28	+2.5%	+15.3%	+2.3%
iShares Gold ETF	\$11.26	-\$0.15	-1.3%	-3.4%	-4.2%
\$USD					
US Crude Oil	\$36.87	+\$0.12	+0.3%	-0.73%	-5.1%
US Nat Gas	\$19.58	+\$0.16	+0.8%	4.93%	+1.7%
PSDB Agriculture	\$25.64	+\$0.04	+0.2%	-0.12%	+0.6%
PSDB Base Metals	\$16.77	+\$0.08	+0.5%	1.08%	+2.4%

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Interest Rates

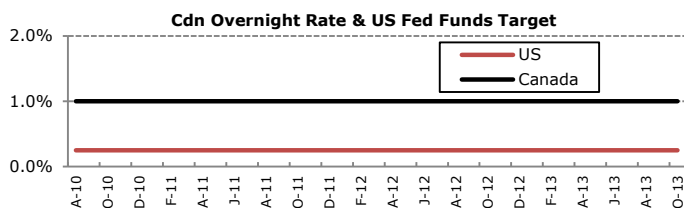
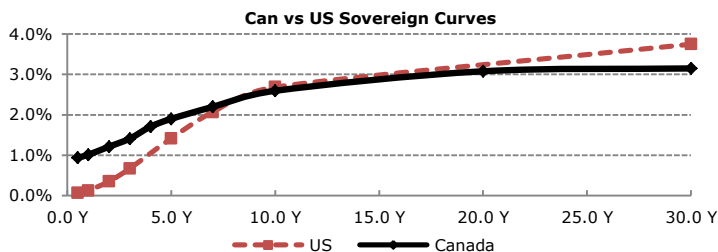
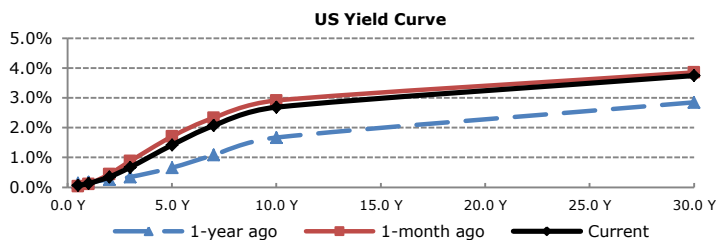
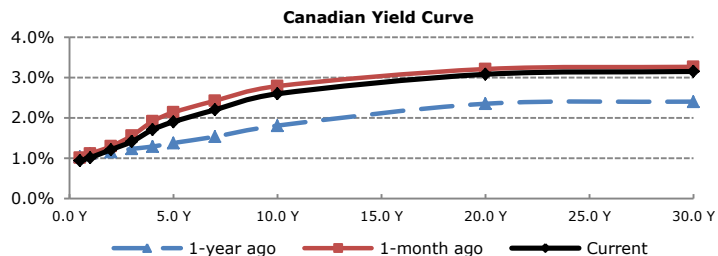
Canadian yield curve

	11-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.91%	-0.01%	0.99%	1.01%	0.98%
6-mnth	0.94%	-0.01%	1.01%	1.04%	1.03%
12-mnth	1.01%	+0.01%	1.11%	1.10%	1.11%
2-year	1.21%	+0.00%	1.29%	1.13%	1.15%
5-year	1.90%	-0.00%	2.13%	1.75%	1.38%
10-year	2.60%	+0.00%	2.79%	2.43%	1.81%
20-year	3.08%	-0.01%	3.21%	2.87%	2.35%
30-year	3.15%	-0.00%	3.26%	2.93%	2.40%

US yield curve

	14-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.06%	-	0.02%	0.03%	0.10%
6-mnth	0.07%	-	0.03%	0.07%	0.14%
12-mnth	0.13%	-	0.11%	0.11%	0.17%
2-year	0.35%	-	0.44%	0.34%	0.26%
5-year	1.42%	-	1.70%	1.42%	0.66%
10-year	2.69%	-	2.91%	2.58%	1.67%
30-year	3.75%	-	3.85%	3.63%	2.85%

	Current	Prior	Next Meeting	Survey
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)

<i>Spot</i>	11-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.035	-0.005	1.032	1.037	0.978
EURUSD	\$1.354	+0.002	1.330	1.310	1.312
USDJPY	¥98.58	+0.420	99.54	98.96	78.93
GBPUSD	\$1.596	-0.001	1.581	1.518	1.615
AUDUSD	\$0.947	+0.002	0.927	0.919	1.038

<i>Spot</i>	11-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥95.24	+0.852	96.42	95.46	80.72
CADAUD	\$1.020	+0.003	1.045	1.050	0.985
GBPCAD	£1.651	-0.009	1.632	1.574	1.579
EURJPY	¥133.51	+0.800	132.38	129.61	103.56
EURAUD	\$1.43	+0.000	1.43	1.43	1.26

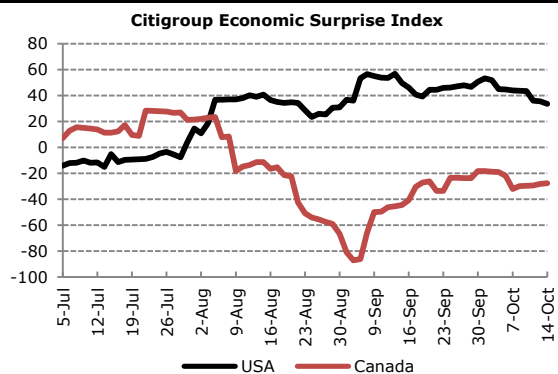
Economic Releases

United States

		Period	Survey	Actual	Prior
Thu, Oct 17	Continuing Claims	5-Oct	2907.5K	--	2905K
Thu, Oct 17	Initial Jobless Claims	12-Oct	335K	%	374K
				%	%

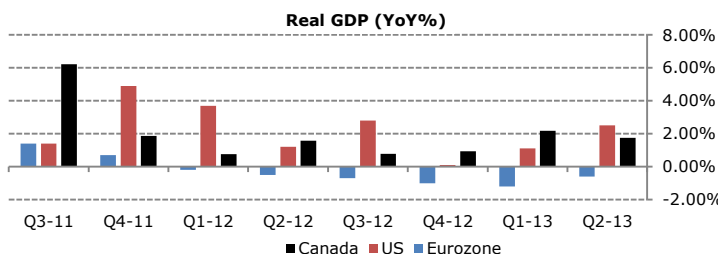
Canada

		Period	Survey	Actual	Prior
Wed, Oct 16	Manufacturing Sales (MoM)	31-Aug	0.2%	--	1.7%
Fri, Oct 18	BOC CPI Core (YoY)	30-Sep	1.4%	--	1.3%
Fri, Oct 18	Consumer Price Index	30-Sep	1%	--	1.1%



Economics

Canada	Q3-12	Q4-12	Q1-13	Q2-13	2013E
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%
US					
Real GDP	2.80%	0.10%	1.10%	2.50%	1.60%
CPI	1.70%	1.90%	1.70%	1.43%	1.50%
Unemployment	7.80%	7.80%	7.60%	7.60%	7.50%
China					
Real GDP	7.40%	7.90%	7.70%	7.50%	7.60%



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