

Today's Commentary

Major indices advanced with S&P 500 and Dow Jones move higher by 1.38% and 1.36% respectively. TSX lagged the US indices posting marginal gain of 0.2%. A deal in Washington was reached yesterday as Harry Reid and Mitch McConnell, two key senators for the Democrats and Republicans respectively, catalyzed the agreement. The arrangement re-opens the government until January 15th, puts the debt ceiling on hold until February 7th, and hopes to force lawmakers to agree on deficit reduction plans by December 13th. The deal comes shortly after the Chinese rating agency, Dagong, downgraded the US's credit rating. However, other than short term fixed income sovereigns, most markets seemed to have been optimistic about a deal already as gains were somewhat muted overall.

The largest bond fund managers, BlackRock and Pimco said the Federal Reserve will postpone the tapering of the 85 billion monthly bond buying program due to the uncertainty and interruptions created by the government shutdown. "What is likely to happen is a slower pace of tapering by the Fed and falling consumer confidence will depress gross domestic product growth," said Russ Koesterich, chief investment strategist at BlackRock Inc. The benchmark 10-year yield fell 3 basis points today during London trading. Fed policy makers including Federal Bank of New York President William Dudley are due to speak today which will provide additional color on future Fed policies.

24 companies listed on the S&P 500 are due to release earning results today. Goldman Sachs reported flat earnings in its third quarter. CEO Lloyd C Blankfein is lowering expenses to offset a fall in revenue. Expenses fell 25 percent and compensation, the firm's biggest cost, dropped 35 percent. Net revenue fell 20%, tumbling to \$6.72 billion, short of average estimates of \$7.35. This was mostly attributed by drop of 47 percent in fixed-income trading. IBM reported its sixth straight quarter of failing sales, sending its shares into a 7.5 percent decline in pre-market trading. CEO Mark Loughridge remains optimistic, explaining how he believes IBM can meet its forecasts for the current fourth quarter and for the full year. Verizon said on Thursday its third quarter profits jumped to \$2.23 billion from \$1.59 billion a year ago on sales increase. Verizon's shares rose about 2 percent in pre-market trade.

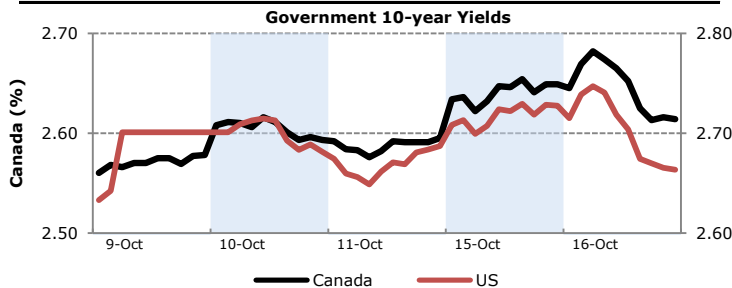
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren, Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

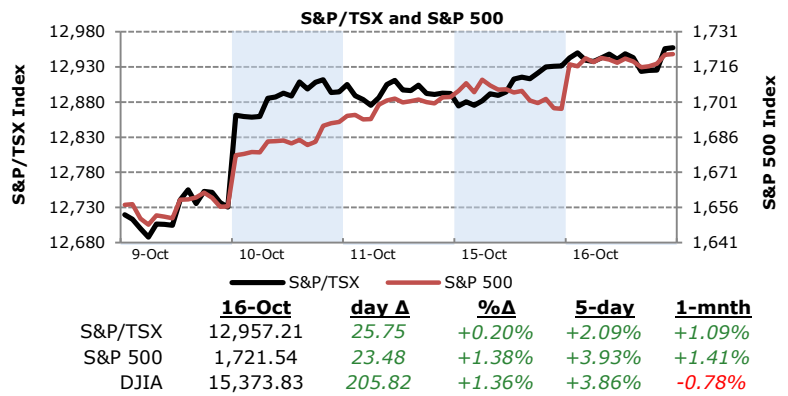
United States	Period	Survey	Actual	Prior
Continuing Claims	12-Oct	2915K	2859K	2905K

Canada	Period	Survey	Actual	Prior
None Scheduled				

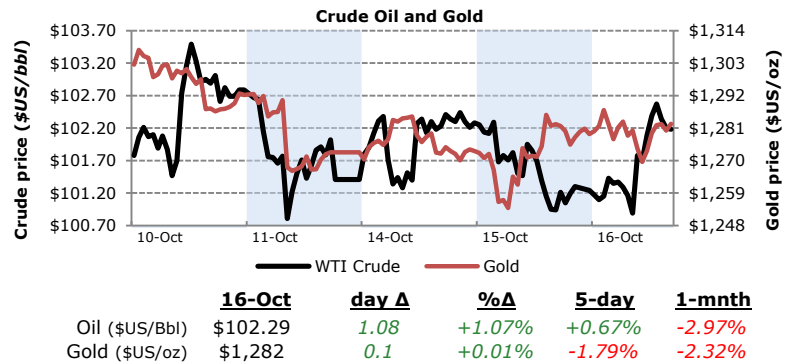
Interest Rates



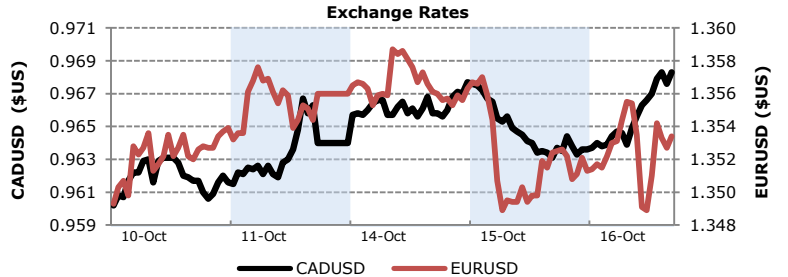
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

US (%)	Spot	Historical levels				
		-5 days	-1 mnth	-1 year		
	USDCAD	\$1.033	-0.006	1.037	1.032	0.994
	EURUSD	\$1.353	+0.001	1.357	1.333	1.302
	USDJPY	¥98.77	+0.610	96.880	99.08	79.32

Government 10-year Yields

	16-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.62%	-0.034%	2.78%	2.40%	1.83%
United States	2.66%	-0.064%	2.86%	2.53%	1.72%

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>

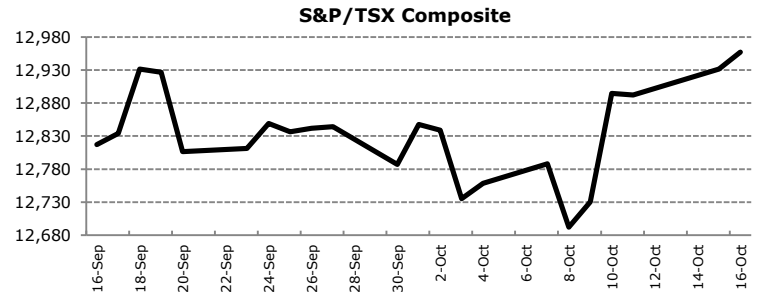
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	16-Oct	day Δ	%Δ
S&P/TSX	12,957.21	25.75	+0.20%

	Trailing S&P/TSX	TSX 60
5-day	+2.09%	+2.25%
1-month	+1.09%	+1.20%
3-months	+3.52%	+3.74%
6-months	+6.91%	+7.21%
12-months	+4.43%	+4.98%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.05%	+1.79%	+1.37%	+37.45%
C. Staples	+0.95%	+2.22%	+4.07%	+29.71%
Energy	+0.58%	+3.35%	+1.94%	+2.43%
Financials	+0.33%	+2.71%	+2.16%	+18.68%
Healthcare	+0.89%	+2.68%	-0.63%	+25.32%
Info Tech	+0.33%	+3.27%	-0.65%	+41.74%
Industrials	+0.10%	+1.43%	+3.61%	+25.76%
Materials	-1.22%	-1.20%	-6.05%	-35.78%
Metals & Mining	-0.49%	+3.18%	-4.40%	-16.33%
Telecom	+0.16%	+1.93%	+2.22%	+4.67%
Utilities	+0.66%	+2.48%	+2.33%	-8.55%

TSX Top Performers

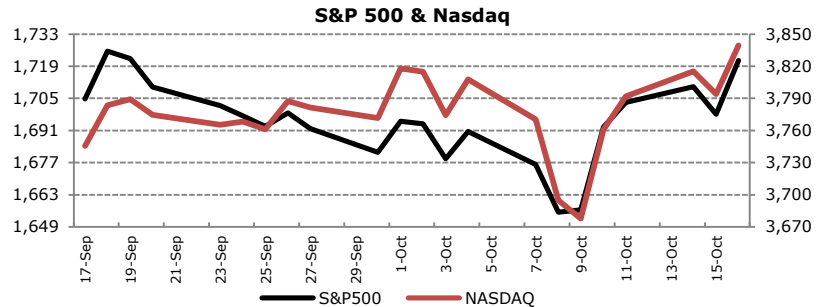
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Gran Tierra Energy Inc		+4.67%	+5.66%	+8.44%	+52.23%
Legacy Oil + Gas Inc		+4.51%	+5.78%	+5.95%	-1.28%
Air Canada-Class B		+4.18%	+8.48%	+52.13%	+230.46%
Bankers Petroleum Ltd		+4.06%	+6.22%	+8.18%	+29.34%
Crew Energy Inc		+3.45%	+0.71%	-7.33%	-26.58%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Argonaut Gold Inc		-6.51%	-9.54%	-11.35%	-46.15%
Snc-Lavalin Group Inc		-4.53%	-4.38%	+2.83%	+9.03%
New Gold Inc		-4.46%	-2.69%	-9.40%	-50.34%
Dream Unlimited-Cl A Sub		-4.14%	-1.24%	+16.33%	NA
Alamos Gold Inc		-4.13%	-5.37%	-7.52%	-22.09%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
16-Oct	1,721.54	15,373.83	3,839.43
1-day	+1.38%	+1.36%	+1.20%
5-day	+3.93%	+3.86%	+4.40%
1-month	+1.41%	-0.78%	+3.27%
3-months	+2.70%	-0.50%	+6.70%
6-months	+9.33%	+4.18%	+17.61%
12-months	+18.33%	+13.45%	+23.81%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+1.21%	+3.86%	+1.51%	+30.17%
C. Staples	+1.39%	+3.09%	+0.07%	+12.90%
Energy	+1.37%	+4.37%	+2.09%	+12.25%
Financials	+2.15%	+5.42%	+1.62%	+28.60%
Healthcare	+2.02%	+4.99%	+1.65%	+26.55%
Info Tech	+0.87%	+3.43%	+2.24%	+7.99%
Industrials	+0.65%	+3.19%	+0.46%	+24.99%
Materials	+1.04%	+3.42%	+0.84%	+13.93%
Telecom	+1.74%	+2.04%	-0.90%	+0.60%
Utilities	+0.99%	+0.94%	+2.03%	+2.64%

DJIA Top Performers

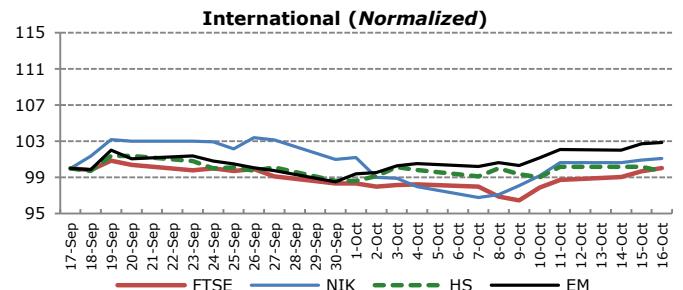
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Jpmorgan Chase & Co		+3.23%	+6.40%	+2.68%	+26.08%
Goldman Sachs Group Inc		+2.93%	+5.06%	-1.07%	+31.68%
Visa Inc-Class A Shares		+2.23%	+6.41%	+3.51%	+38.59%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Cisco Systems Inc		-0.78%	+2.22%	-5.43%	+21.89%
Home Depot Inc		-0.27%	+1.13%	-0.17%	+23.20%
Walt Disney Co/The		-0.14%	+4.34%	-0.51%	+29.49%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,571.59	14,467.14	23,228.33	1,031.27
1-day	+0.34%	+0.18%	-0.46%	+0.14%
5-day	+3.69%	+4.12%	+0.84%	+2.54%
1-month	-0.77%	+0.43%	-0.10%	+2.95%
3-months	+0.23%	-0.90%	+8.99%	+8.21%
6-months	+4.24%	+9.42%	+7.18%	+2.22%
12-months	+11.94%	+66.26%	+9.53%	+2.78%



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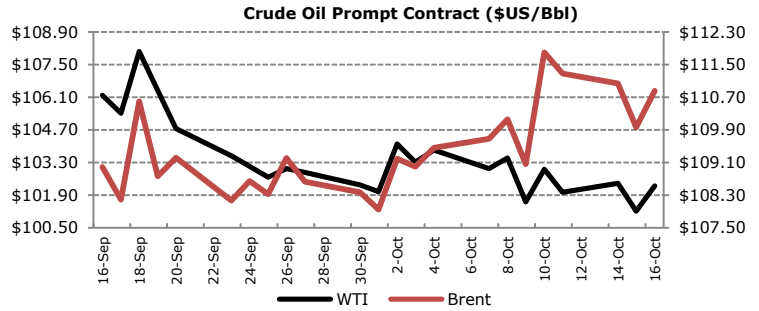
Nymex WTI Crude Oil

(\$US/Bbl)	16-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$102.29	+\$1.08	+1.07%	+0.67%	-2.97%
Cal 14	\$98.66	+\$0.86	+0.88%	+1.70%	+0.73%
Cal 15	\$90.96	+\$0.33	+0.37%	+1.36%	+1.47%

(\$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	\$101.83	\$99.73	\$97.52	\$95.56	\$90.96

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

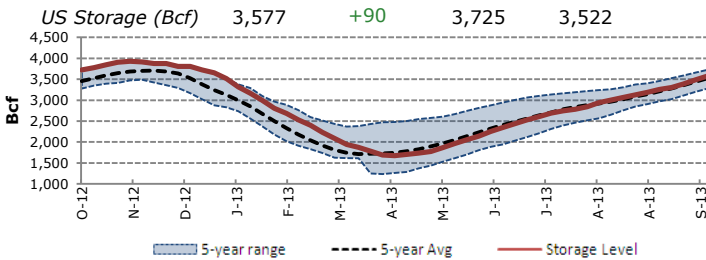


(\$US/Bbl)	16-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$110.86	+\$0.90	+0.81%	+1.65%	+2.47%

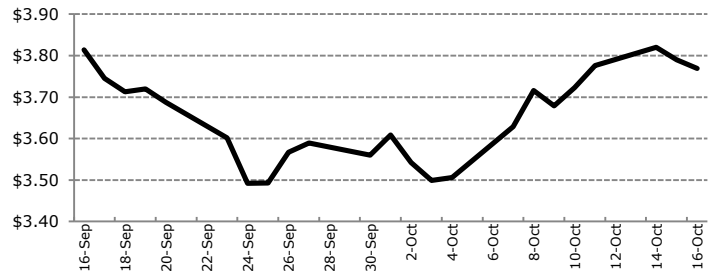
Nymex Natural Gas

(\$US/MMbtu)	16-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.77	-\$0.02	-0.55%	+2.45%	+0.64%
Nov13-Mar14	\$3.93	-\$0.03	-0.77%	+1.58%	+0.09%
Apr14-Oct14	\$3.96	-\$0.03	-0.83%	+0.77%	+0.56%
Nov14-Mar15	\$4.22	-\$0.02	-0.54%	+0.71%	+0.14%
Apr15-Oct15	\$4.05	-\$0.02	-0.41%	+0.05%	-0.79%

Inventory Levels (as of Oct-04)



Nat Gas Prompt (\$US/MMbtu)



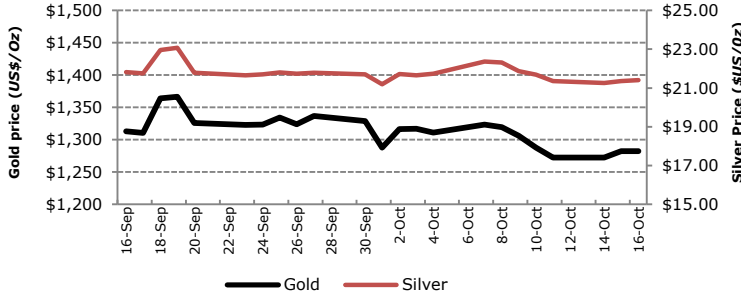
Alberta Natural Gas

(\$CAD/GJ)	16-Oct	day Δ	%Δ
AECO Nov-13	\$3.40	-\$0.02	-0.6%

Precious Metals

\$US/oz	16-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,282.48	+\$0.10	+0.0%	-1.8%	-2.3%	-4.7%
Silver	\$21.41	+\$0.04	+0.2%	-2.1%	-1.9%	+4.5%
Platinum	\$1,399	+\$15.65	+1.1%	+1.3%	-2.6%	-3.3%

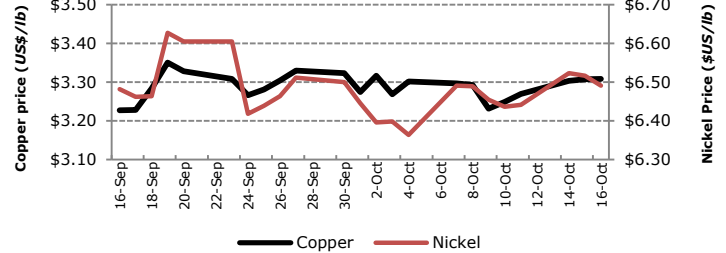
Gold and Silver



Industrial Metals

\$US/lb	16-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.31	+\$0.00	+0.0%	+2.4%	+2.5%	+3.4%
Nickel	\$6.49	-\$0.03	-0.4%	+0.6%	+0.1%	-0.9%
Zinc	\$0.93	-\$0.01	-1.3%	+0.1%	+0.6%	+0.5%
Aluminum	\$0.81	-\$0.01	-1.2%	-3.6%	+2.5%	-1.2%
Uranium	\$35.15	+\$0.00	0.0%	+0.4%	+1.4%	-2.4%

Copper and Nickel



Agriculture & Other

	16-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.43	-\$0.01	-0.2%	-0.2%	-2.5%
Wheat (\$US/bu)	\$6.82	-\$0.04	-0.6%	-1.3%	+6.0%
Soybeans (\$US/bu)	\$12.77	+\$0.10	+0.7%	-0.9%	-4.9%
Rough Rice (\$US/cwt)	\$15.45	-\$0.04	-0.2%	+2.1%	-0.5%
Sugar #11 (¢US/lb)	¢19.01	+¢0.31	+1.7%	+2.3%	+9.3%
Lean Hogs (¢US/lb)	¢88.80	+¢1.00	+1.1%	+2.6%	+1.5%
Live Cattle (¢US/lb)	¢133.25	+¢0.50	+0.4%	+1.0%	+3.6%
Cotton No.2 (\$US/lb)	\$0.83	-\$0.01	-0.7%	-0.0%	-1.5%
Lumber (\$US/Mbft)	\$343.60	+\$6.00	+1.8%	+1.4%	+0.5%

Commodity ETFs

	16-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$5.15	+\$0.12	+2.4%	-1.7%	-6.4%
HBP Nat Gas U	\$11.18	-\$0.26	-2.3%	+1.5%	-4.2%
iShares Gold ETF	\$11.35	-\$0.01	-0.1%	-3.2%	-2.7%
\$USD					
US Crude Oil	\$36.92	+\$0.45	+1.2%	1.01%	-3.1%
US Nat Gas	\$19.34	-\$0.20	-1.0%	2.09%	-1.3%
PSDB Agriculture	\$25.73	+\$0.04	+0.2%	0.63%	+1.5%
PSDB Base Metals	\$16.74	+\$0.01	+0.1%	1.39%	+2.9%

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Interest Rates

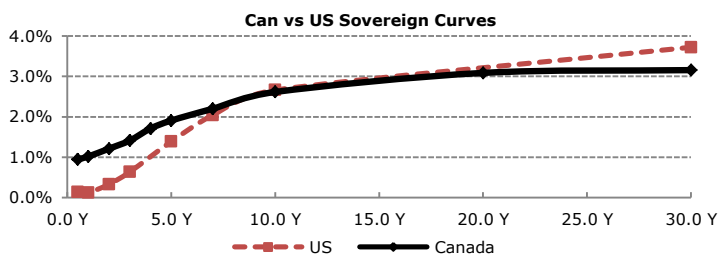
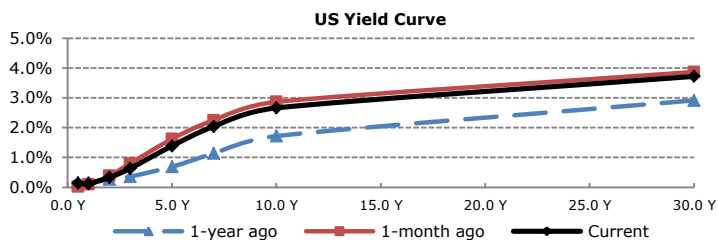
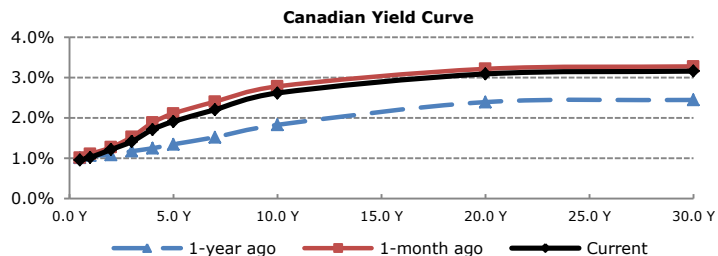
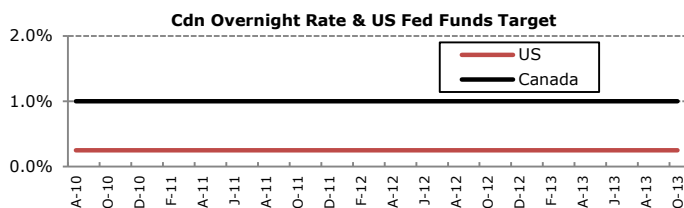
Canadian yield curve

	16-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.99%	1.01%	0.97%
6-mnth	0.95%	-	1.01%	1.04%	1.01%
12-mnth	1.02%	+0.01%	1.10%	1.10%	1.06%
2-year	1.21%	-0.02%	1.27%	1.10%	1.08%
5-year	1.91%	-0.03%	2.11%	1.68%	1.34%
10-year	2.62%	-0.03%	2.78%	2.40%	1.83%
20-year	3.09%	-0.03%	3.21%	2.85%	2.39%
30-year	3.16%	-0.02%	3.27%	2.92%	2.44%

US yield curve

	16-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.09%	-0.02%	0.01%	0.03%	0.09%
6-mnth	0.14%	+0.01%	0.02%	0.07%	0.15%
12-mnth	0.12%	-0.03%	0.10%	0.10%	0.17%
2-year	0.33%	-0.02%	0.39%	0.30%	0.27%
5-year	1.39%	-0.04%	1.62%	1.33%	0.69%
10-year	2.66%	-0.06%	2.86%	2.53%	1.72%
30-year	3.72%	-0.07%	3.87%	3.63%	2.92%

	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)

Spot	16-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.033	-0.006	1.032	1.043	0.994
EURUSD	\$1.353	+0.001	1.333	1.306	1.302
USDJPY	¥98.77	+0.610	99.08	99.86	79.32
GBPUSD	\$1.595	-0.005	1.590	1.510	1.600
AUDUSD	\$0.955	+0.002	0.932	0.910	1.033

Spot	16-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥95.63	+1.092	95.96	95.77	79.82
CADAUD	\$1.014	+0.003	1.039	1.054	0.974
GBP CAD	£1.647	-0.014	1.641	1.575	1.590
EURJPY	¥133.67	+0.910	132.11	130.44	103.28
EURAUD	\$1.42	-0.003	1.43	1.44	1.26

Economic Releases

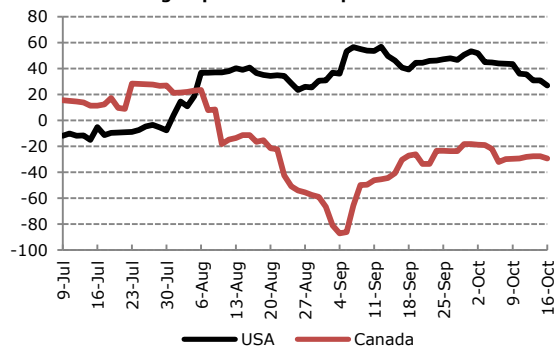
United States

		Period	Survey	Actual	Prior
Thu, Oct 17	Continuing Claims	12-Oct	2915K	2859K	2905K
Thu, Oct 17	Initial Jobless Claims	19-Oct	335K	358K	374K
			%	%	%

Canada

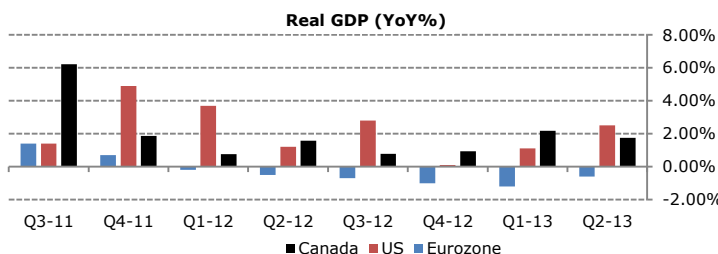
		Period	Survey	Actual	Prior
Wed, Oct 16	Manufacturing Sales (MoM)	31-Aug	0.2%	-0.2%	1.7%
Fri, Oct 18	BOC CPI Core (YoY)	30-Sep	1.4%	--	1.3%
Fri, Oct 18	Consumer Price Index	30-Sep	1.1%	--	1.1%

Citigroup Economic Surprise Index



Economics

	Q3-12	Q4-12	Q1-13	Q2-13	2013E
Canada					
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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