

Today's Commentary

Equities outperformed again yesterday continuing gains from the avoided default with the S&P500 closing up 0.67 percent at 1,733.15, a record level. The S&P/TSX also posted modest gains closing 0.61 percent higher on the day at 13,036.36. CPI numbers for Canada came in this morning in line with expectations at 0.2 percent m/m and 1.1 percent y/y (BoC core at 0.2 percent m/m and 1.3 percent y/y). With the government shutdown some US data has been postponed, though available data is scheduled to be released soon. September nonfarm payrolls are scheduled to release on Tuesday October 22nd, PPI on October 29th, and CPI on October 30th. Data for October are thus far expected to be released at their regular times.

Canada and the EU have unveiled a trade agreement in a press conference in Brussels today. The Comprehensive Economic and Trade Agreement, CETA, will go far beyond NAFTA and will see 98 percent of EU and Canadian tariffs eliminated once the deal takes effect; 95 percent in the agriculture sector and other tariffs and restrictions to be phased out over the next seven years. The deal has taken four years to negotiate and will take up to two more years to finalize. The EU is Canada's second largest trading partner after the US. The agreement is said to impact every sector of the Canadian economy and millions of workers and consumers. This deal is believed to boost Canadian GDP by \$12 billion and create 80,000 jobs. Of course, no trade agreements come without cost. Industries that will be hit by comparative advantage from the EU include the Canadian cheese and wine industries. Generic drug manufacturers will also be affected as the agreements will provide longer protection of patents to drug companies.

Chinese Gross Domestic Product in the third quarter rose by 7.8 percent from a year earlier. China's economy accelerated for the first time in response to the Premier's "mini stimulus," including railway spending and tax cuts. Industry production advanced 10.2 percent in September while retail consumption gained 13.3 percent. Released figures also showed home sales increased 34 percent in September, casting doubts on the staying power of the government stimulus. "There is no question that China will achieve its 7.5 target this year. However, recovery momentum is unlikely to last long," said Zhu Haibin, chief China economic strategist at JPMorgan Chase & Co, citing a relatively weak Emerging Market, the appreciation of yuan and the cooling in manufacturing investment.

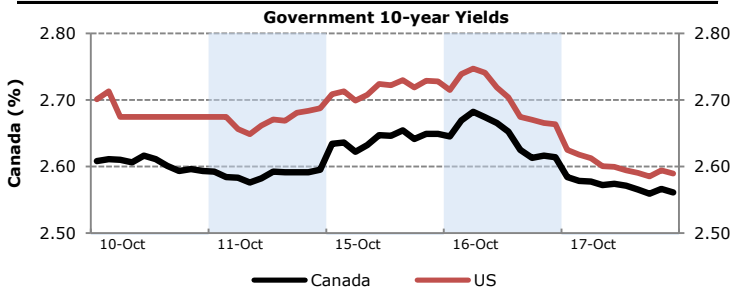
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

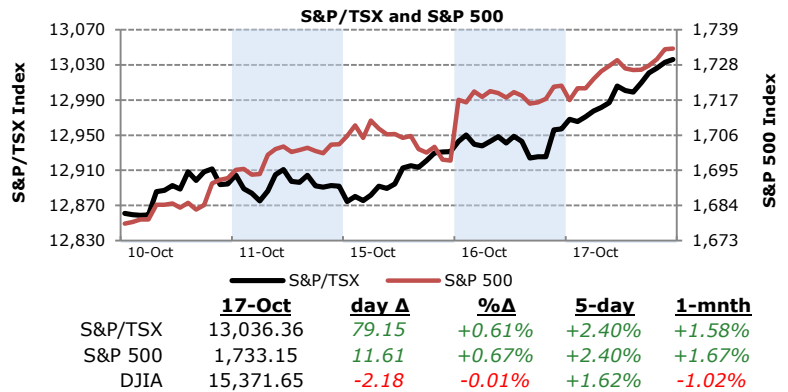
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
BOC CPI Core (YoY)	31-Oct	1.4%	1.3%	1.3%
Consumer Price Index	30-Sep	1%	1.1%	1.1%

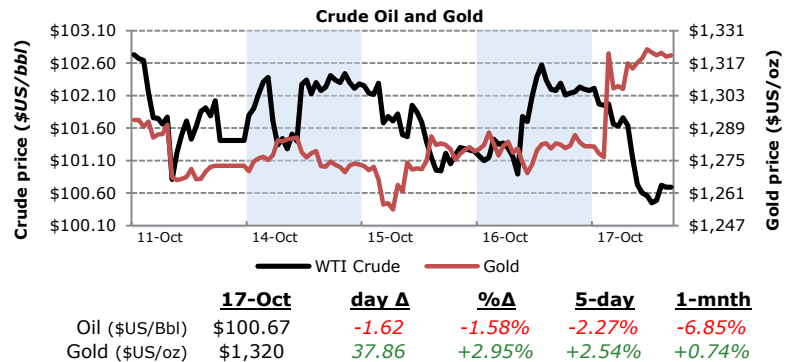
Interest Rates



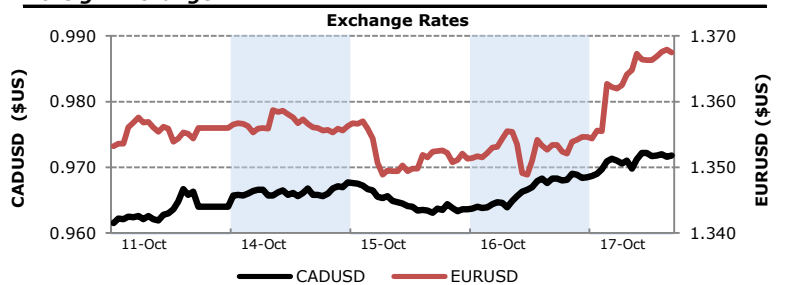
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	17-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.029	-0.004	1.039	1.030	0.992
EURUSD	\$1.368	+0.014	1.352	1.336	1.306
USDJPY	¥97.91	-0.860	97.340	99.13	79.94

Government 10-year Yields

	17-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.56%	-0.054%	2.77%	2.36%	1.91%
United States	2.59%	-0.074%	2.85%	2.48%	1.82%

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.

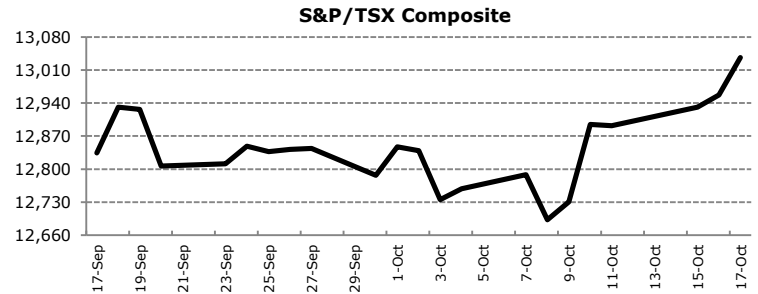
<http://www.rotman.utoronto.ca/financeassociation>

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	17-Oct	day Δ	%Δ
S&P/TSX	13,036.36	79.15	+0.61%

	Trailing S&P/TSX	TSX 60
5-day	+2.40%	+2.35%
1-month	+1.58%	+1.46%
3-months	+3.72%	+3.63%
6-months	+9.12%	+9.12%
12-months	+4.62%	+5.07%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.50%	+1.93%	+1.88%	+38.00%
C. Staples	-0.06%	+1.80%	+3.65%	+29.45%
Energy	+0.09%	+3.18%	+2.39%	+1.08%
Financials	+0.50%	+3.08%	+2.29%	+18.84%
Healthcare	+0.57%	+3.33%	-0.32%	+26.52%
Info Tech	-1.05%	+2.13%	-2.62%	+40.03%
Industrials	+0.00%	+0.96%	+3.50%	+26.27%
Materials	+2.68%	+1.38%	-3.80%	-34.42%
Metals & Mining	+1.12%	+3.79%	-3.64%	-16.57%
Telecom	-0.27%	+0.64%	+1.91%	+4.50%
Utilities	+1.02%	+3.68%	+3.68%	-8.10%

TSX Top Performers

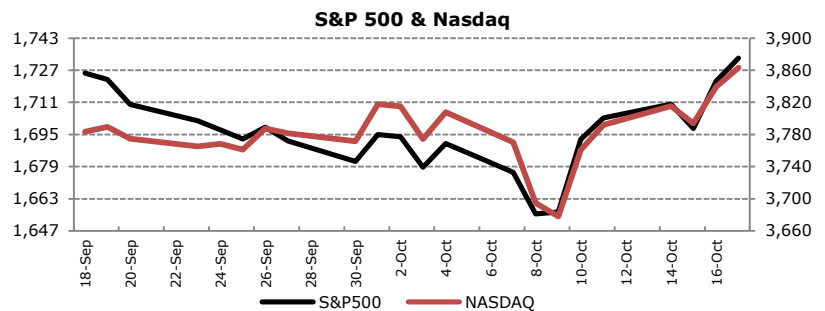
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Fortuna Silver Mines Inc		+12.08%	-1.07%	-5.36%	-24.29%
Rubicon Minerals Corp		+11.86%	+6.45%	-7.04%	-64.13%
Eldorado Gold Corp		+9.25%	+0.31%	-12.96%	-55.54%
B2Gold Corp		+8.85%	+2.50%	-5.38%	-37.88%
Novagold Resources Inc		+8.64%	+9.13%	-10.15%	-53.59%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Cgi Group Inc - Class A		-3.25%	+2.14%	+5.06%	+41.78%
Pretium Resources Inc		-1.89%	-3.90%	-36.67%	-63.83%
Canadian Natural Resource		-1.48%	+3.84%	+1.37%	+8.71%
Bankers Petroleum Ltd		-1.46%	+6.32%	+5.48%	+27.85%
Wi-Lan Inc		-1.43%	+6.41%	+14.64%	-25.05%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
17-Oct	1,733.15	15,371.65	3,863.15
1-day	+0.67%	-0.01%	+0.62%
5-day	+2.40%	+1.62%	+2.72%
1-month	+1.67%	-1.02%	+3.14%
3-months	+3.11%	-0.64%	+7.01%
6-months	+11.67%	+5.15%	+20.55%
12-months	+18.63%	+13.39%	+24.45%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.74%	+2.31%	+1.67%	+30.35%
C. Staples	+1.01%	+2.20%	+0.76%	+13.79%
Energy	+0.21%	+2.83%	+1.88%	+11.18%
Financials	+0.89%	+3.33%	+2.07%	+28.19%
Healthcare	+0.88%	+3.51%	+2.46%	+27.69%
Info Tech	-0.19%	+1.45%	+1.44%	+8.65%
Industrials	+0.84%	+1.35%	+0.72%	+25.23%
Materials	+1.28%	+2.62%	+2.39%	+14.41%
Telecom	+1.91%	+2.56%	+0.48%	+1.52%
Utilities	+1.61%	+1.06%	+3.10%	+3.00%

DJIA Top Performers

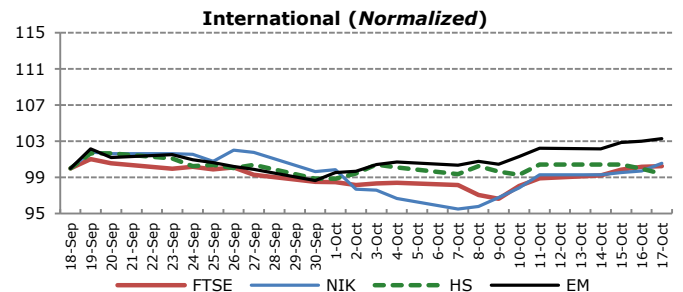
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
American Express Co		+5.12%	+7.46%	+6.45%	+36.84%
Verizon Communications In		+3.49%	+4.35%	+2.39%	+14.20%
Boeing Co/The		+1.62%	+2.85%	+5.72%	+69.82%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Intl Business Machines Co		-6.37%	-5.38%	-9.48%	-11.26%
Unitedhealth Group Inc		-5.08%	-3.53%	-4.99%	+29.53%
Goldman Sachs Group Inc		-2.42%	+0.20%	-5.21%	+28.53%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,576.16	14,586.51	23,094.88	1,033.97
1-day	+0.07%	+0.83%	-0.57%	+0.26%
5-day	+2.27%	+3.91%	+0.63%	+1.96%
1-month	+0.09%	+1.92%	-0.37%	+3.15%
3-months	+0.06%	-0.20%	+8.06%	+7.78%
6-months	+5.32%	+8.99%	+7.07%	+3.28%
12-months	+11.25%	+65.63%	+7.84%	+2.29%



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Nymex WTI Crude Oil

(\$US/Bbl)	17-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$100.67	-\$1.62	-1.58%	-2.27%	-6.85%
Cal 14	\$97.08	-\$1.58	-1.60%	-1.45%	-1.45%
Cal 15	\$89.90	-\$1.06	-1.17%	-0.94%	+0.05%

(\$US/bbl)	Q1-14	Q2-14	Q3-14	Q4-14	2015
Consensus Forecast	\$101.00	\$97.75	\$98.00	\$96.53	\$100.00
Current Forward	\$100.07	\$98.05	\$95.99	\$94.21	\$89.90

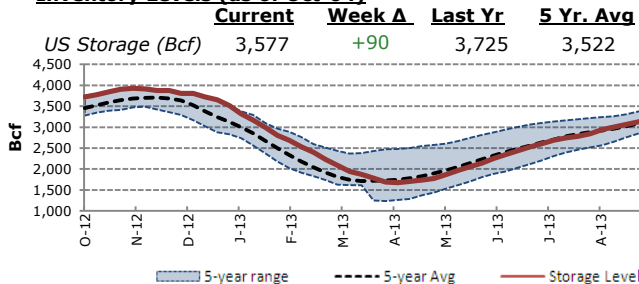
Inventory Levels (as of Oct-04)

(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

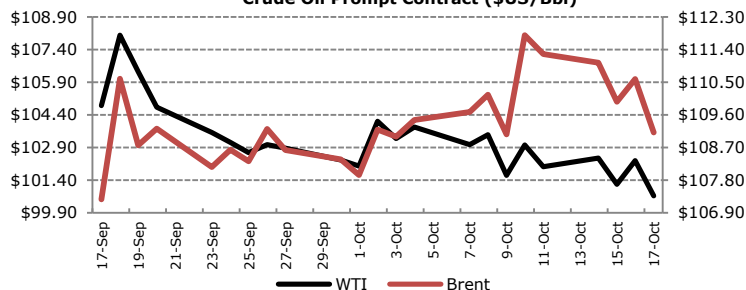
Nymex Natural Gas

(\$US/MMbtu)	17-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.76	-\$0.01	-0.32%	+0.91%	+1.19%
Nov13-Mar14	\$3.91	-\$0.02	-0.45%	+0.18%	+1.83%
Apr14-Oct14	\$3.94	-\$0.02	-0.48%	-0.34%	+1.83%
Nov14-Mar15	\$4.21	-\$0.02	-0.40%	-0.14%	+1.26%
Apr15-Oct15	\$4.04	-\$0.00	-0.11%	-0.32%	+0.53%

Inventory Levels (as of Oct-04)



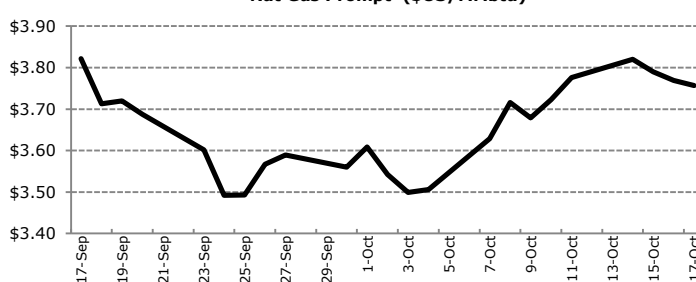
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	17-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$109.11	-\$1.48	-1.36%	-2.41%	-1.35%

Nat Gas Prompt (\$US/MMbtu)



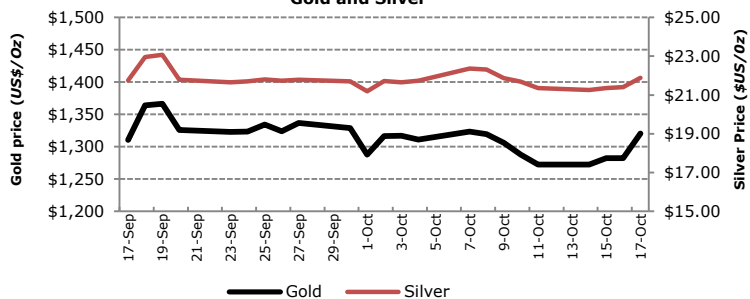
Alberta Natural Gas

(\$CAD/GJ)	17-Oct	day Δ	%Δ
AECO Nov-13	\$3.44	+\$0.04	+1.3%

Precious Metals

\$US/oz	17-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,320.34	+\$37.86	+3.0%	+2.5%	+0.7%	-0.1%
Silver	\$21.88	+\$0.47	+2.2%	+0.9%	+0.6%	+8.4%
Platinum	\$1,437	+\$37.75	+2.7%	+3.7%	+1.0%	-0.7%

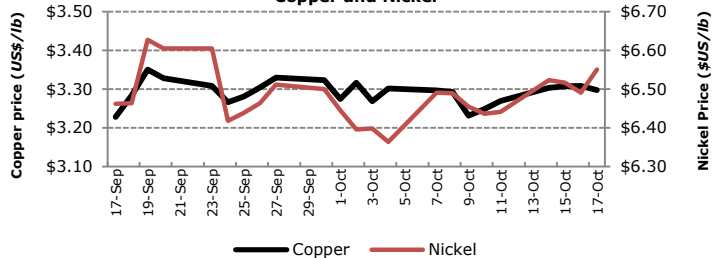
Gold and Silver



Industrial Metals

\$US/lb	17-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.30	-\$0.01	-0.3%	+1.5%	+2.1%	+3.6%
Nickel	\$6.55	+\$0.06	+0.9%	+1.8%	+1.4%	-1.0%
Zinc	\$0.94	+\$0.01	+1.3%	+1.7%	+2.0%	+0.6%
Aluminum	\$0.82	+\$0.01	+1.2%	-1.2%	+3.8%	0.0%
Uranium	\$35.15	+\$0.00	0.0%	+0.4%	+1.2%	-2.4%

Copper and Nickel



Agriculture & Other

	17-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.43	+\$0.00	+0.1%	+1.1%	-2.9%
Wheat (\$US/bu)	\$6.86	+\$0.04	+0.7%	+0.1%	+6.1%
Soybeans (\$US/bu)	\$12.93	+\$0.17	+1.3%	+0.4%	-4.0%
Rough Rice (\$US/cwt)	\$15.45	+\$0.00	+0.0%	+1.4%	-1.0%
Sugar #11 (¢US/lb)	¢19.00	¢0.01	-0.1%	+1.5%	+8.7%
Lean Hogs (¢US/lb)	¢88.45	¢0.35	-0.4%	+2.1%	+0.6%
Live Cattle (¢US/lb)	¢131.78	¢1.47	-1.1%	-0.3%	+2.2%
Cotton No.2 (\$US/lb)	\$0.84	+\$0.01	+0.8%	+0.8%	-2.0%
Lumber (\$US/Mbft)	\$363.40	+\$8.80	+2.5%	+4.1%	+1.2%

Commodity ETFs

	17-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$5.00	-\$0.15	-2.9%	-0.6%	-7.1%
HBP Nat Gas U	\$11.14	-\$0.04	-0.4%	+2.9%	-4.1%
iShares Gold ETF	\$11.71	+\$0.36	+3.2%	+1.1%	+0.6%
\$USD					
US Crude Oil	\$36.38	-\$0.54	-1.5%	-1.94%	-3.6%
US Nat Gas	\$19.33	-\$0.01	-0.0%	0.78%	-1.2%
PSDB Agriculture	\$25.74	+\$0.01	+0.0%	0.63%	+2.5%
PSDB Base Metals	\$16.71	-\$0.03	-0.2%	0.66%	+3.0%

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Interest Rates

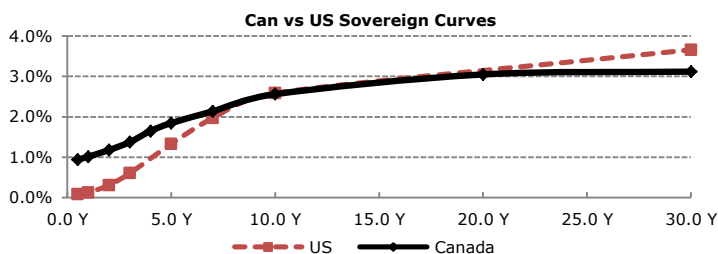
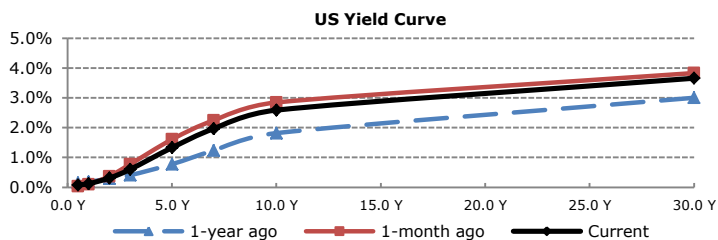
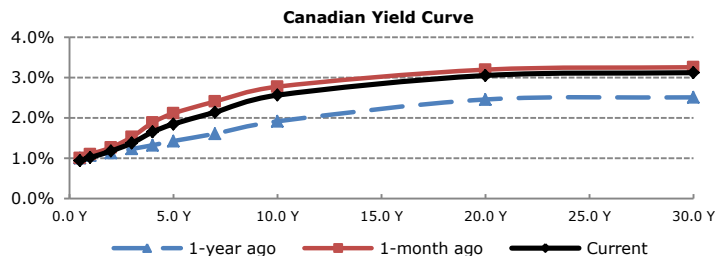
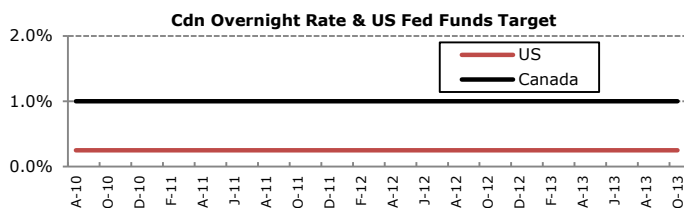
Canadian yield curve

	17-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.99%	1.00%	0.96%
6-mnth	0.94%	-	1.00%	1.04%	1.00%
12-mnth	1.01%	-0.00%	1.10%	1.10%	1.06%
2-year	1.18%	-0.03%	1.26%	1.09%	1.13%
5-year	1.85%	-0.06%	2.11%	1.66%	1.43%
10-year	2.56%	-0.05%	2.77%	2.36%	1.91%
20-year	3.05%	-0.04%	3.19%	2.81%	2.45%
30-year	3.12%	-0.04%	3.25%	2.89%	2.51%

US yield curve

	17-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.04%	-0.05%	0.01%	0.02%	0.11%
6-mnth	0.08%	-0.06%	0.04%	0.07%	0.15%
12-mnth	0.12%	-	0.10%	0.10%	0.18%
2-year	0.31%	-0.02%	0.37%	0.30%	0.29%
5-year	1.33%	-0.06%	1.61%	1.30%	0.78%
10-year	2.59%	-0.07%	2.85%	2.48%	1.82%
30-year	3.66%	-0.06%	3.83%	3.56%	3.00%

	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	17-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.029	-0.004	1.030	1.037	0.992
EURUSD	\$1.368	+0.014	1.336	1.316	1.306
USDJPY	¥97.91	-0.860	99.13	99.10	79.94
GBPUSD	\$1.617	+0.021	1.590	1.516	1.602
AUDUSD	\$0.964	+0.009	0.936	0.925	1.032

Spot	17-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥95.15	-0.482	96.27	95.57	80.57
CADAUD	\$1.008	-0.005	1.038	1.042	0.976
GBPCAD	£1.664	+0.016	1.638	1.572	1.589
EURJPY	¥133.90	+0.230	132.42	130.43	104.41
EURAUD	\$1.42	+0.002	1.43	1.42	1.27

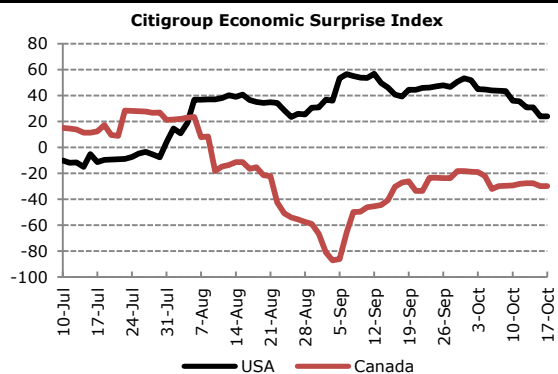
Economic Releases

United States

		Period	Survey	Actual	Prior
Thu, Oct 17	Continuing Claims	5-Oct	2915K	2859K	2905K
Thu, Oct 17	Initial Jobless Claims	12-Oct	335K	358K	374K

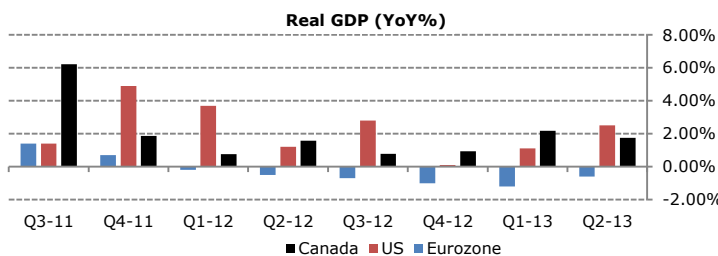
Canada

		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)	31-Oct	1.4%	1.3%	1.3%
Fri, Oct 18	Consumer Price Index	30-Sep	1%	1.1%	1.1%



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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