

Today's Commentary

Markets recovered from Monday's weakness on Tuesday, with the S&P/TSX composite gaining 0.47 percent, while the S&P 500 and Dow rose 0.8 and 0.41 percent, respectively. The TSX's materials sector was the only group in the red. Gold traded about \$40 lower as speculators pondered the deflationary impact of a partial U.S. government shutdown. However, the markets seem to be interpreting anything that might delay the Fed's tapering of treasury purchases as good news. Volatility is likely to remain high until the fiscal debt ceiling is addressed in the coming weeks.

The Bank of Canada announced a downward adjustment to its third quarter GDP forecast from 3.8 percent to the 2 to 2.5 percent range on Tuesday. Senior Deputy Governor Tiff Macklem indicated that growth of 2.5 percent will be necessary to make a meaningful impact on the economy. Some analysts are interpreting the Deputy Governor's statement as forward guidance regarding the timing of the next interest rate hike. Macklem added that "With inflation subdued, monetary policy remains highly stimulative to provide time for the recovery in exports and investment to take hold." A Reuters poll of forecasters showed that expectations are for rates to remain steady until late 2014. According to Macklem, weak exports and a strong Canadian dollar have factored into the Bank's decision to keep interest rates low for the past three years.

The European Central Bank kept its benchmark borrowing rate unchanged today. The main refinancing rate remains at 0.5 percent, a record low, as the euro-zone recovers from its longest ever recession. The president of the ECB Mario Draghi stated last month that he was ready to act if there was a need to boost liquidity in the banking system with another round of long-term refinancing operations, like the ones conducted at the height of the euro-zone crisis in 2011 and 2012. The excess liquidity in the Euro-zone's financial system is approaching 200 billion euros, which Draghi had indicated was the lower limit, as banks repay some of the approximately 1 trillion euros of credit extended to them as part of the LTRO. This indicates that, despite the ongoing economic recovery, the ECB believes risks remain skewed to the downside and it is hesitant to raise rates anytime in the near future.

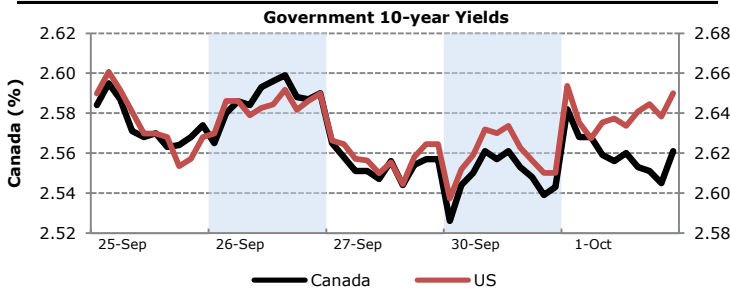
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

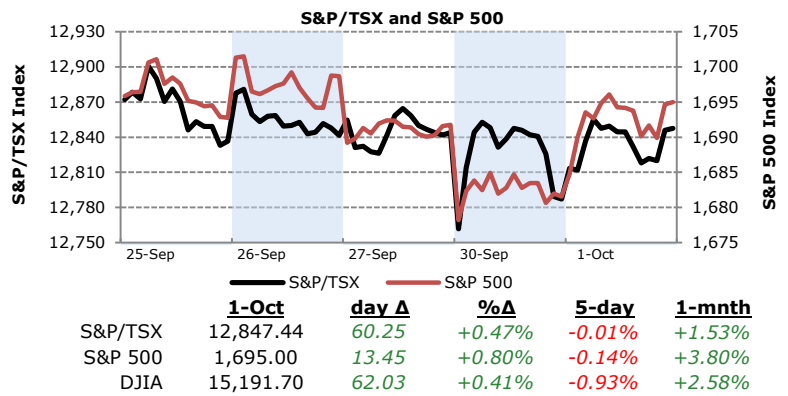
United States	Period	Survey	Actual	Prior
ADP Employment Change	31-Oct	180K	166K	176K

Canada	Period	Survey	Actual	Prior
None Scheduled				

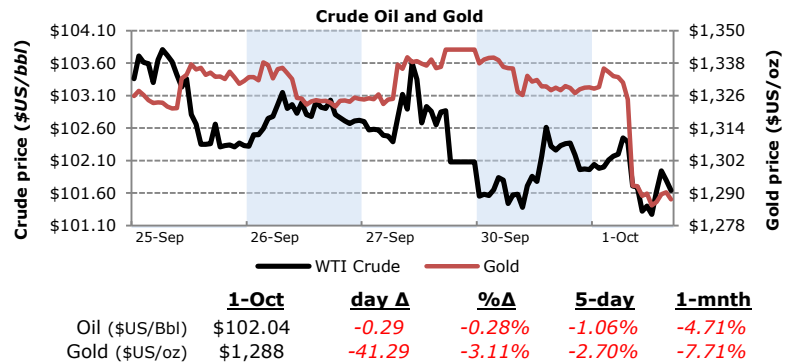
Interest Rates



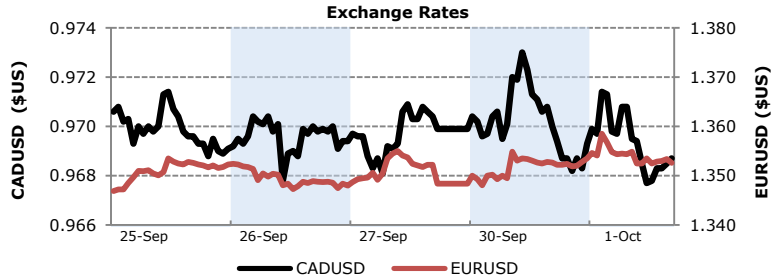
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	1-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.032	+0.001	1.030	1.054	0.979
EURUSD	\$1.353	-0.000	1.347	1.322	1.305
USDJPY	¥98.00	-0.270	98.750	98.17	78.67

	Government 10-year Yields		Historical levels		
	1-Oct	day Δ	-1 mnth	-3 mnths	-1 year
Canada	2.56%	0.018%	2.62%	2.42%	1.71%
United States	2.65%	0.040%	2.78%	2.50%	1.62%

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.

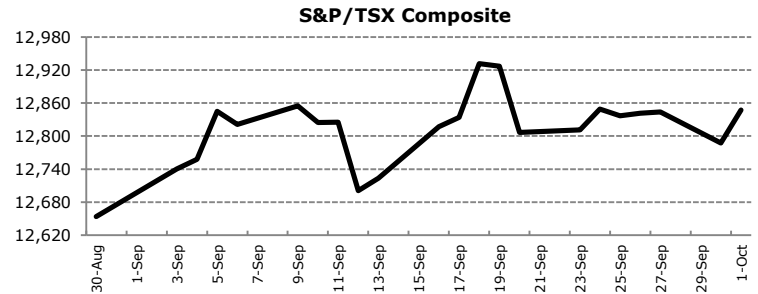
<http://www.rotman.utoronto.ca/financeassociation>

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	1-Oct	day Δ	%Δ
S&P/TSX	12,847.44	60.25	+0.47%
Trailing S&P/TSX			
5-day	-0.01%	+0.08%	
1-month	+1.53%	+1.34%	
3-months	+5.92%	+5.95%	
6-months	+1.20%	+1.13%	
12-months	+3.86%	+4.28%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.81%	-0.97%	+4.06%	+36.76%
C. Staples	+0.57%	+0.08%	+1.05%	+27.54%
Energy	+0.87%	+1.01%	+3.00%	+1.42%
Financials	+0.59%	+0.24%	+2.42%	+18.03%
Healthcare	+2.26%	+1.30%	-1.77%	+24.32%
Info Tech	+1.05%	-1.18%	-0.85%	+39.42%
Industrials	+1.53%	+0.52%	+6.31%	+26.55%
Materials	-1.42%	-1.60%	-6.47%	-35.03%
Metals & Mining	-1.40%	-2.32%	+2.60%	-12.16%
Telecom	+0.34%	-1.51%	+3.02%	+4.97%
Utilities	+1.13%	+0.36%	+3.08%	-9.81%

TSX Top Performers

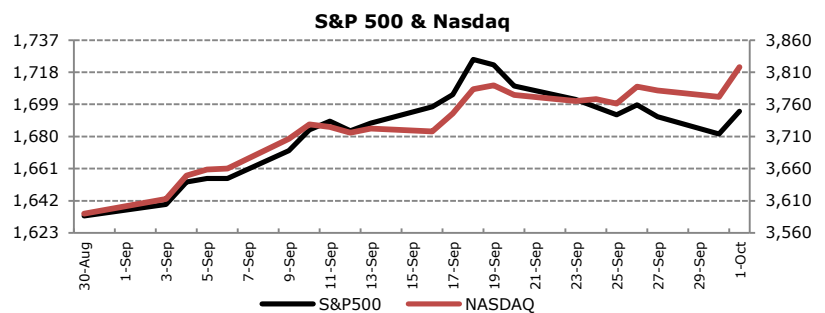
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Atlantic Power Corp	+7.01%	+8.24%	+12.62%	-67.78%
Air Canada-Class B	+6.23%	+6.53%	+33.45%	+186.26%
Talisman Energy Inc	+4.91%	+10.03%	+10.22%	-6.84%
Transglobe Energy Corp	+4.21%	+4.99%	+14.87%	-25.22%
Pacific Rubiales Energy C	+4.08%	-2.17%	+6.22%	-11.42%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Semafo Inc	-9.27%	-5.86%	+1.81%	-50.22%
Centerra Gold Inc	-6.85%	-6.65%	-32.48%	-64.25%
Rio Alto Mining Ltd	-5.34%	-5.80%	-26.14%	-63.41%
Oceanagold Corp	-4.58%	-6.41%	-21.93%	-53.65%
Dundee Precious Metals In	-4.56%	-3.20%	-17.70%	-41.63%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
1-Oct	1,695.00	15,191.70	3,817.98
1-day	+0.80%	+0.41%	+1.23%
5-day	-0.14%	-0.93%	+1.32%
1-month	+3.80%	+2.58%	+6.35%
3-months	+4.96%	+1.45%	+11.17%
6-months	+8.50%	+4.25%	+17.87%
12-months	+17.34%	+12.41%	+22.63%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.88%	+0.85%	+6.22%	+30.87%
C. Staples	+0.58%	-1.33%	+1.55%	+10.77%
Energy	+0.54%	-0.59%	+2.24%	+9.74%
Financials	+0.72%	+0.15%	+3.37%	+28.07%
Healthcare	+1.28%	+0.56%	+4.34%	+26.80%
Info Tech	+0.95%	-0.16%	+3.81%	+6.20%
Industrials	+0.72%	-0.57%	+6.24%	+25.86%
Materials	+0.46%	-0.32%	+4.64%	+13.96%
Telecom	+0.64%	-0.29%	+0.01%	-4.13%
Utilities	+0.36%	-1.30%	+1.10%	+3.48%

DJIA Top Performers

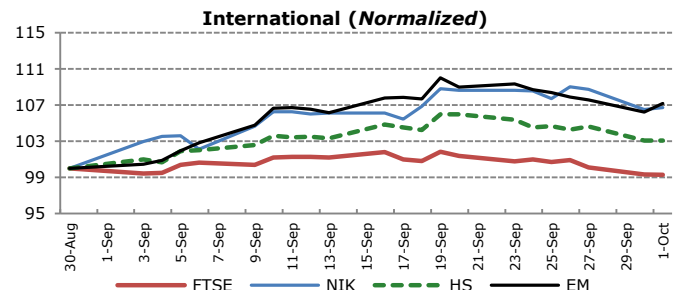
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Merck & Co. Inc.	+2.37%	+2.55%	+3.07%	+7.81%
Unitedhealth Group Inc	+1.35%	+0.36%	+1.17%	+28.55%
General Electric Co	+1.17%	-0.62%	+4.45%	+5.96%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Cisco Systems Inc	-0.73%	-3.69%	-0.26%	+22.18%
Wal-Mart Stores Inc	-0.50%	-2.85%	+0.84%	-0.62%
United Technologies Corp	-0.44%	-2.41%	+7.24%	+37.01%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,460.01	14,484.72	22,859.86	996.34
1-day	-0.03%	+0.20%	-1.50%	+0.90%
5-day	-1.70%	-1.68%	-2.19%	-1.41%
1-month	+0.73%	+8.18%	+5.19%	+7.19%
3-months	+2.41%	+4.56%	+9.89%	+5.78%
6-months	+0.75%	+19.36%	+2.51%	-3.38%
12-months	+10.99%	+64.66%	+9.69%	-0.87%



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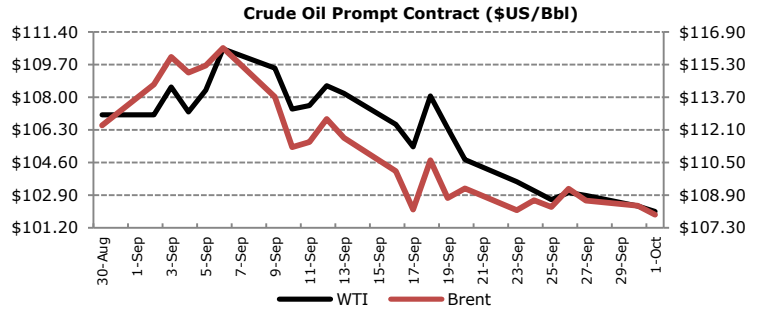
Nymex WTI Crude Oil

(\$US/Bbl)	1-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$102.04	-\$0.29	-0.28%	-1.06%	-4.71%
Cal 14	\$96.29	-\$0.06	-0.07%	-0.24%	-1.46%
Cal 15	\$89.15	+\$0.03	+0.04%	-0.18%	-0.94%

(\$US/bbl)	Q1-14	Q2-14	Q3-14	Q4-14	2015
Consensus Forecast	\$101.50	\$97.75	\$99.00	\$100.00	\$101.50
Current Forward	\$100.02	\$97.23	\$94.86	\$93.06	\$89.15

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



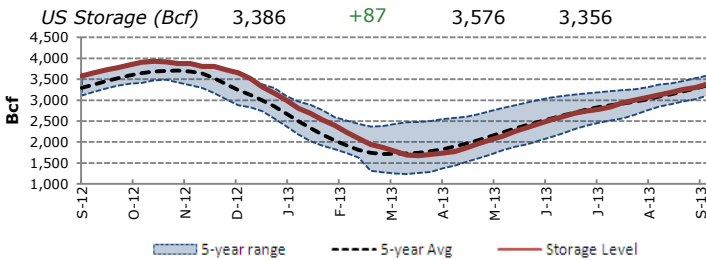
UK Brent Crude Oil

(\$US/Bbl)	1-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$107.94	-\$0.43	-0.40%	-0.64%	-5.59%

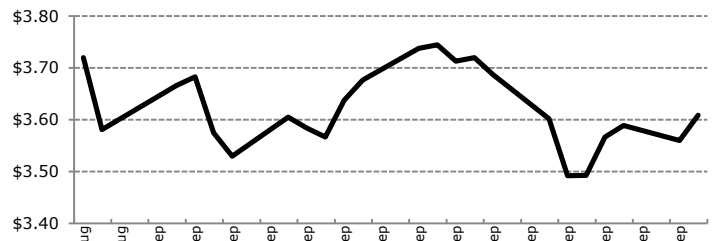
Nymex Natural Gas

(\$US/MMbtu)	1-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.61	+\$0.05	+1.38%	+3.35%	+0.78%
Nov13-Mar14	\$3.79	+\$0.04	+0.95%	+0.97%	-0.24%
Apr14-Oct14	\$3.86	+\$0.03	+0.80%	+0.99%	+0.16%
Nov14-Mar15	\$4.13	+\$0.03	+0.65%	+0.63%	-0.33%
Apr15-Oct15	\$4.00	+\$0.02	+0.60%	+0.42%	-0.63%

Inventory Levels (as of Sep-20)



Nat Gas Prompt (\$US/MMbtu)



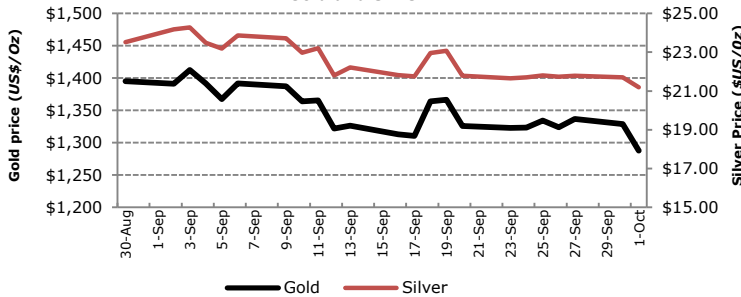
Alberta Natural Gas

(\$CAD/GJ)	1-Oct	day Δ	%Δ
AECO Nov-13	\$3.24	+\$0.13	+4.2%

Precious Metals

\$US/oz	1-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,287.65	-\$41.29	-3.1%	-2.7%	-7.7%	+4.1%
Silver	\$21.19	-\$0.51	-2.4%	-2.4%	-9.9%	+10.8%
Platinum	\$1,386	-\$17.60	-1.3%	-2.9%	-9.0%	+2.0%

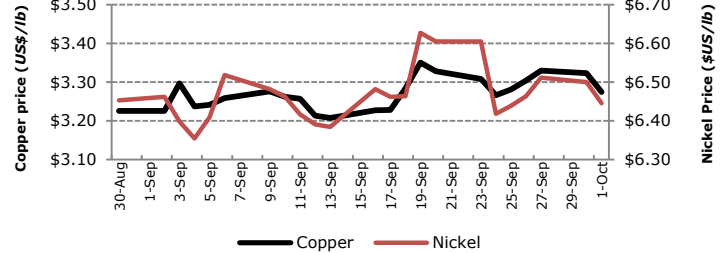
Gold and Silver



Industrial Metals

\$US/lb	1-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.27	-\$0.05	-1.5%	+0.3%	+1.5%	+5.2%
Nickel	\$6.45	-\$0.05	-0.8%	+0.4%	-0.1%	+3.0%
Zinc	\$0.93	-\$0.01	-1.2%	-0.7%	-2.3%	+1.1%
Aluminum	\$0.81	-\$0.01	-1.2%	+1.3%	0.0%	+2.5%
Uranium	\$35.20	-\$0.05	-0.1%	+0.1%	+3.5%	-10.7%

Copper and Nickel



Agriculture & Other

	1-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.39	-\$0.03	-0.6%	-2.2%	-8.9%
Wheat (\$US/bu)	\$6.81	+\$0.03	+0.4%	+3.5%	+4.2%
Soybeans (\$US/bu)	\$12.68	-\$0.15	-1.1%	-3.4%	-6.6%
Rough Rice (\$US/cwt)	\$14.98	-\$0.16	-1.0%	-3.3%	-4.9%
Sugar #11 (¢US/lb)	¢18.32	+¢0.18	+1.0%	+2.2%	+8.5%
Lean Hogs (¢US/lb)	¢85.90	-¢0.72	-0.8%	-2.5%	+1.4%
Live Cattle (¢US/lb)	¢131.90	-¢0.07	-0.1%	+0.5%	+1.1%
Cotton No.2 (\$US/lb)	\$0.87	-\$0.01	-0.7%	+2.6%	+3.7%
Lumber (\$US/Mbft)	\$338.10	-\$6.00	-1.7%	-5.3%	+6.0%

Commodity ETFs

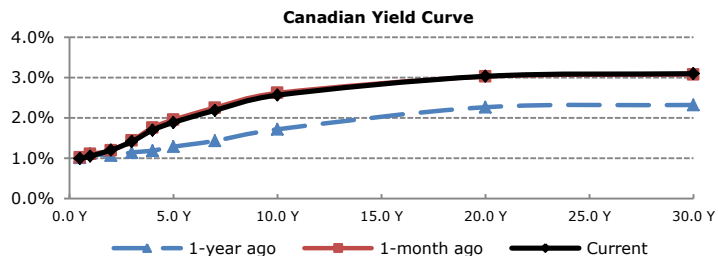
	1-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$5.07	-\$0.05	-1.0%	-3.2%	-9.6%
HBP Nat Gas U	\$10.41	+\$0.30	+3.0%	+1.8%	-5.0%
iShares Gold ETF	\$11.48	-\$0.35	-3.0%	-2.4%	-7.2%
\$USD					
US Crude Oil	\$36.68	-\$0.17	-0.5%	-1.45%	-4.9%
US Nat Gas	\$18.54	+\$0.26	+1.4%	0.82%	-2.3%
PSDB Agriculture	\$25.24	-\$0.05	-0.2%	-0.32%	+0.4%
PSDB Base Metals	\$16.51	-\$0.22	-1.3%	0.36%	-1.7%

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Interest Rates

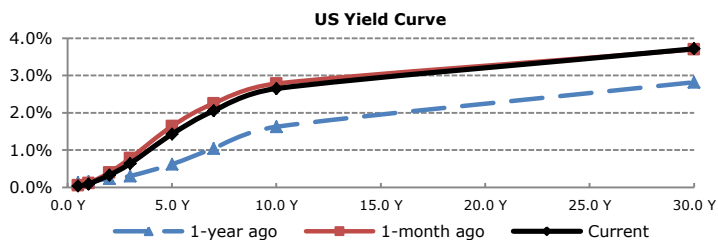
Canadian yield curve

	1-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.97%	-0.01%	0.99%	1.03%	0.97%
6-mnth	0.99%	-	1.02%	1.05%	1.01%
12-mnth	1.05%	-0.02%	1.10%	1.13%	1.11%
2-year	1.20%	+0.01%	1.19%	1.19%	1.06%
5-year	1.88%	+0.02%	1.95%	1.78%	1.28%
10-year	2.56%	+0.02%	2.62%	2.42%	1.71%
20-year	3.03%	+0.02%	3.02%	2.82%	2.26%
30-year	3.09%	+0.02%	3.07%	2.86%	2.32%

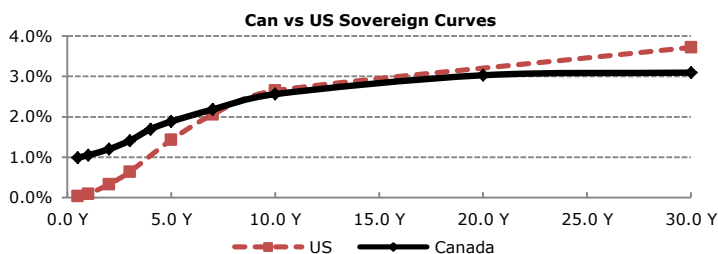
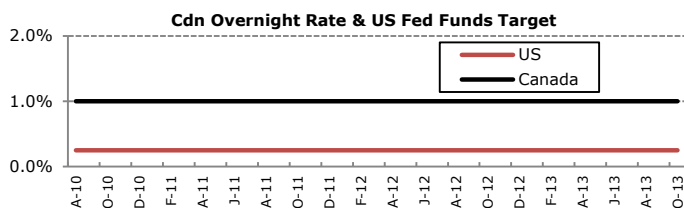


US yield curve

	1-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	+0.01%	0.02%	0.04%	0.08%
6-mnth	0.04%	+0.01%	0.05%	0.07%	0.13%
12-mnth	0.09%	+0.01%	0.11%	0.13%	0.15%
2-year	0.33%	+0.01%	0.40%	0.36%	0.23%
5-year	1.43%	+0.05%	1.64%	1.42%	0.62%
10-year	2.65%	+0.04%	2.78%	2.50%	1.62%
30-year	3.72%	+0.03%	3.70%	3.49%	2.82%



	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)

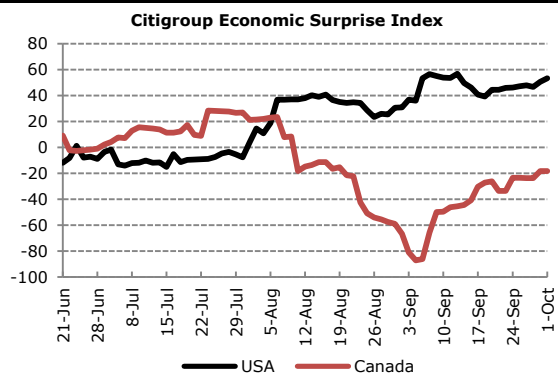
Spot	1-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.032	+0.001	1.054	1.052	0.979
EURUSD	\$1.353	-0.000	1.322	1.301	1.305
USDJPY	¥98.00	-0.270	98.17	99.14	78.67
GBPUSD	\$1.620	+0.001	1.550	1.521	1.614
AUDUSD	\$0.940	+0.008	0.890	0.914	1.019

Spot	1-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥94.94	-0.386	93.17	94.25	80.38
CADAUD	\$1.031	-0.011	1.066	1.040	1.003
GBP CAD	£1.672	+0.003	1.633	1.600	1.579
EURJPY	¥132.55	-0.380	129.80	128.97	102.57
EURAUD	\$1.44	-0.012	1.49	1.42	1.28

Economic Releases

United States

		Period	Survey	Actual	Prior
Tue, Oct 01	ISM Manufacturing	30-Sep	55	56.2	55.7
Wed, Oct 02	ADP Employment Change	31-Oct	180K	166K	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	180K	--	162K
Fri, Oct 04	Unemployment Rate	30-Sep	7.3%	--	7.3%



Canada

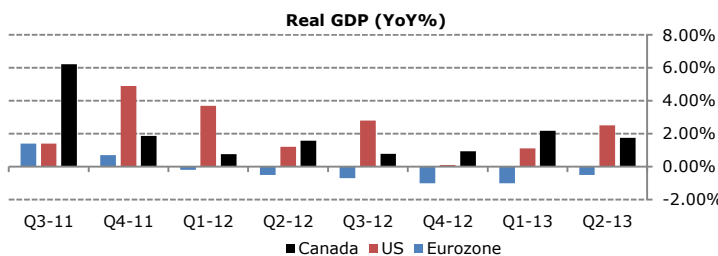
		Period	Survey	Actual	Prior
Mon, Sep 30	GDP MoM	31-Jul	0.5%	0.6%	-0.5%

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

China	Q3-12	Q4-12	Q1-13	Q2-13	2013E
Real GDP	7.40%	7.90%	7.70%	7.50%	7.60%



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