

## Today's Commentary

Friday saw markets up again with the S&P500 at 1,744.50 (+0.65%), another record high, and the TSX closed at 13,136.00 (+0.76%). With the debt ceiling issues on hold for now, positive earnings and hopes of continued economic growth seem to be the driving force as roughly 30% of S&P 500 companies and 10 Dow components posting quarterly results. As of Friday, Google stock breached the \$1,000 mark signalling continued tech growth and Morgan Stanley broke the string of poor earnings reports in financials with strong equity trading results as JP Morgan and Bank of America face continued fines from regulators. This Tuesday, US employment numbers that were delayed by the government shutdown are set to be released. Also, on October 28<sup>th</sup> and November 4<sup>th</sup> CBOE plans to extend VIX futures trading hours by 45 minutes and 5 hours respectively.

Last Friday, JPMorgan Chase & Co struck a deal with the US Justice Department to end the probes of its mortgage-bond sales. The firm agreed to pay \$13 billion, including \$9B in fines to shield the firm from mounting civil disputes with the government. The settlement would amount to more than half of JPMorgan's record \$21.3B profit last year. The FHFA sued the firm and 17 other banks over faulty mortgage bonds two years ago to recoup some of the losses taxpayers were forced to cover when the government took control of failing mortgage finance companies in 2008.

With the recent uncertainty in the US and a lack of news from the European Union, the euro is starting to look more attractive. With its economy growing 0.3% in the 2<sup>nd</sup> quarter, the euro advanced 5.8% against a basket of nine developed-market currencies this year. On Oct. 17, while U.S. borrowing authorities were scrambling to reach an agreement to extend the debt ceiling, the euro region posted a surplus of 17.4B euros (\$23.8B) for August, up from 15.5B euros the previous month. In September, Spanish and Italian debt volatility fell below that of US treasuries, the first time since early 2011. Though the US dollar remains as the global reserve currency, representing 62% of the holdings at the end of the 2<sup>nd</sup> quarter of this year, euro holdings have advanced to 24% of the total for the same period. However, one cannot overlook the fact that EUR/USD movement since early spring has mostly been on the back of negative US news. Because investors are viewing the euro zone favourably against the US now, this leaves the Euro Zone susceptible to any negative news.

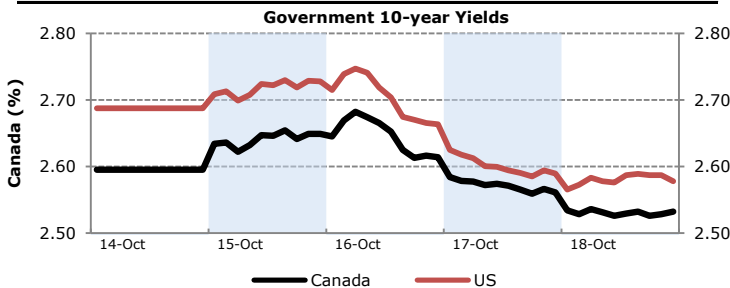
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Existing Home Sales	30-Sep	5.3M	5.48M	5.39M

Canada	Period	Survey	Actual	Prior
None Scheduled				

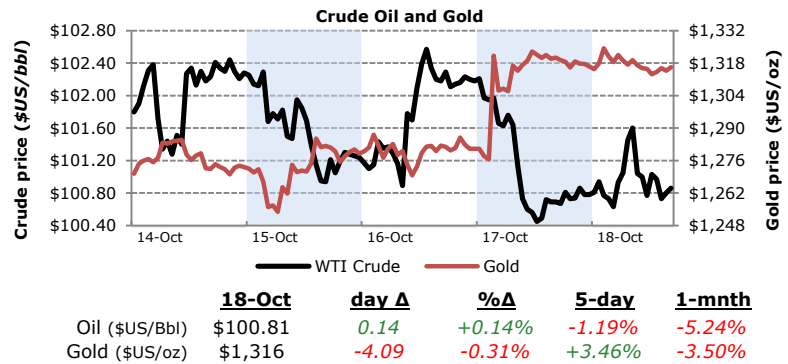
## Interest Rates



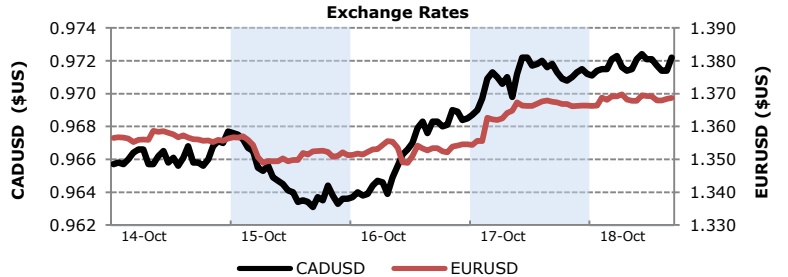
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	18-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.029	-0.000	1.040	1.022	0.992
EURUSD	\$1.369	+0.001	1.352	1.352	1.299
USDJPY	¥97.72	-0.190	98.160	97.94	79.85

	18-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Government 10-year Yields					
Canada	2.53%	-0.029%	2.68%	2.36%	1.90%
United States	2.58%	-0.012%	2.69%	2.48%	1.83%

## 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>

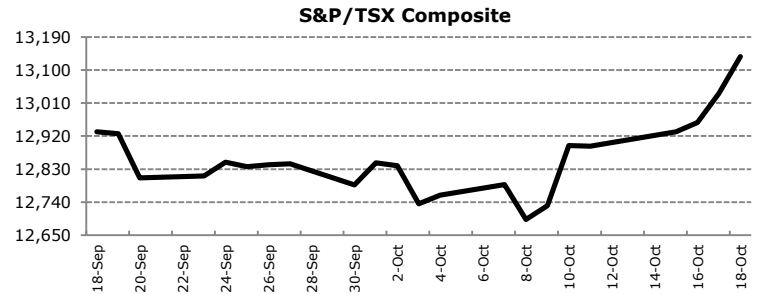
Sponsored By:



The information contained in this report is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of author(s), and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

	<b>18-Oct</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	13,136.09	99.73	+0.77%

	<b>Trailing S&amp;P/TSX</b>	<b>TSX 60</b>
5-day	+1.87%	+1.73%
1-month	+1.58%	+1.75%
3-months	+4.02%	+3.83%
6-months	+9.50%	+9.69%
12-months	+5.37%	+5.84%



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.50%	+0.81%	+2.48%	+38.26%
C. Staples	+0.57%	+1.18%	+4.44%	+30.67%
Energy	+0.79%	+2.01%	+2.52%	+1.36%
Financials	+0.74%	+2.26%	+3.31%	+18.94%
Healthcare	+0.76%	+1.46%	+2.72%	+27.55%
Info Tech	+0.48%	+1.28%	-1.45%	+41.24%
Industrials	+1.30%	+0.85%	+4.47%	+27.72%
Materials	-0.01%	+1.73%	-8.45%	-33.61%
Metals & Mining	+1.69%	+3.86%	-4.71%	-15.77%
Telecom	+1.40%	+1.16%	+2.66%	+5.80%
Utilities	+0.73%	+3.28%	+3.52%	-7.22%

### TSX Top Performers

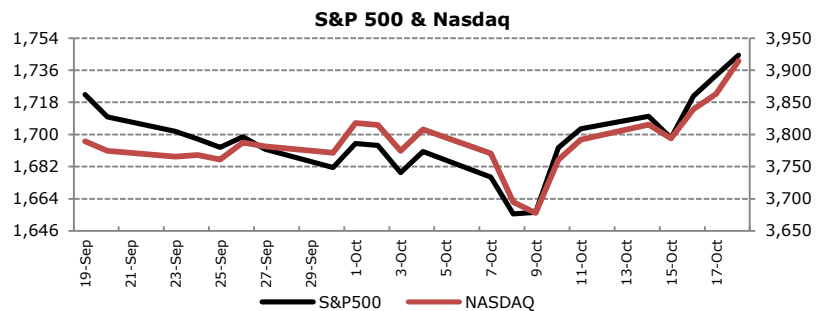
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Turquoise Hill Resources	+10.34%	+5.76%	-14.84%	-42.12%
Wajax Corp	+6.20%	+7.71%	-0.22%	-15.38%
Dream Unlimited-Cl A Sub	+4.71%	+5.51%	+13.50%	NA
Blackpearl Resources Inc	+4.66%	+5.21%	-1.94%	-46.28%
Air Canada-Class B	+4.64%	+6.13%	+51.31%	+220.37%

### 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>
Athabasca Oil Corp	-9.91%	-12.67%	-16.40%	-53.21%
Argonaut Gold Inc	-5.95%	-6.93%	-10.65%	-45.59%
Alacer Gold Corp	-5.42%	-10.58%	-6.69%	-54.41%
Torex Gold Resources Inc	-4.88%	-4.88%	-20.41%	-40.00%
Detour Gold Corp	-4.01%	-5.96%	-22.95%	-72.33%

### US Indices

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
18-Oct	1,744.50	15,399.65	3,914.28
1-day	+0.65%	+0.18%	+1.32%
5-day	+2.42%	+1.07%	+3.23%
1-month	+1.10%	-1.77%	+3.45%
3-months	+3.26%	-0.96%	+8.39%
6-months	+13.16%	+5.93%	+23.62%
12-months	+19.70%	+13.66%	+27.38%



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.62%	+2.14%	+1.10%	+31.13%
C. Staples	+0.19%	+2.14%	-0.30%	+14.54%
Energy	+0.87%	+2.66%	+1.53%	+12.11%
Financials	+0.25%	+2.99%	+1.31%	+28.29%
Healthcare	-0.36%	+2.68%	+1.39%	+27.25%
Info Tech	+1.76%	+2.42%	+1.84%	+12.28%
Industrials	+1.13%	+1.91%	+0.57%	+26.41%
Materials	+0.33%	+2.40%	+0.42%	+14.72%
Telecom	+0.98%	+3.24%	+1.02%	+1.27%
Utilities	+0.27%	+0.88%	+0.37%	+2.85%

### DJIA Top Performers

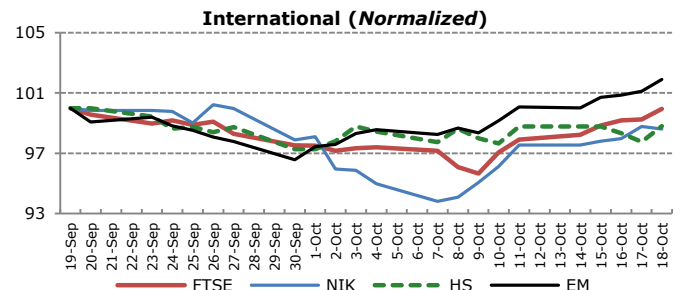
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
General Electric Co	+3.53%	+4.71%	+4.50%	+12.01%
Verizon Communications In	+2.27%	+6.20%	+2.96%	+9.24%
Nike Inc -Cl B	+1.86%	+3.36%	+11.14%	+55.64%

### 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>
Unitedhealth Group Inc	-3.66%	-7.42%	-7.47%	+22.76%
Home Depot Inc	-1.39%	-2.14%	-1.46%	+20.86%
Merck & Co. Inc.	-1.06%	-1.44%	-2.92%	-2.81%

### International Markets

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	6,622.58	14,561.54	23,340.10	1,042.06
1-day	+0.71%	-0.17%	+1.06%	+0.78%
5-day	+2.09%	+2.58%	+0.52%	+1.84%
1-month	+0.97%	+0.39%	+0.96%	+4.10%
3-months	-0.18%	-1.67%	+9.35%	+8.84%
6-months	+6.07%	+10.15%	+8.50%	+4.48%
12-months	+11.92%	+62.10%	+8.46%	+2.83%



This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

### Nymex WTI Crude Oil

(\$US/Bbl)	18-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$100.81	+\$0.14	+0.14%	-1.19%	-5.24%
Cal 14	\$97.52	+\$0.44	+0.46%	-0.69%	-1.86%
Cal 15	\$90.29	+\$0.40	+0.44%	-0.54%	+0.24%

(\$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	\$100.48	\$98.52	\$96.46	\$94.63	\$90.29

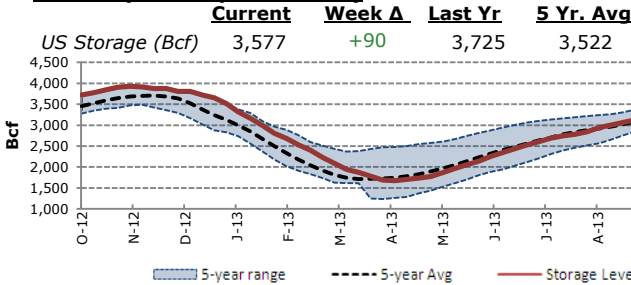
### Inventory Levels (as of Oct-04)

(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

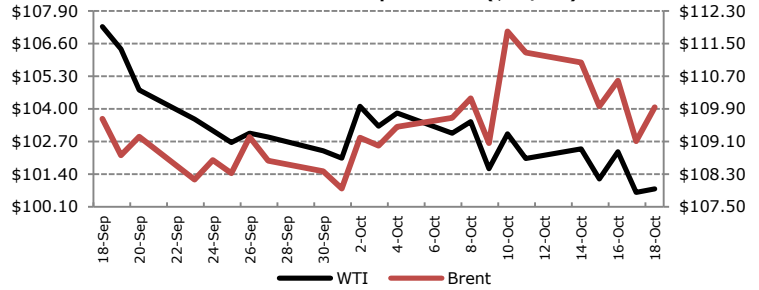
### Nymex Natural Gas

(\$US/MMbtu)	18-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.76	+\$0.01	+0.19%	-0.32%	+1.18%
Nov13-Mar14	\$3.92	+\$0.01	+0.28%	-0.76%	+3.37%
Apr14-Oct14	\$3.96	+\$0.02	+0.48%	-0.81%	+3.33%
Nov14-Mar15	\$4.22	+\$0.02	+0.37%	-0.56%	+2.43%
Apr15-Oct15	\$4.06	+\$0.02	+0.45%	-0.20%	+1.53%

### Inventory Levels (as of Oct-04)



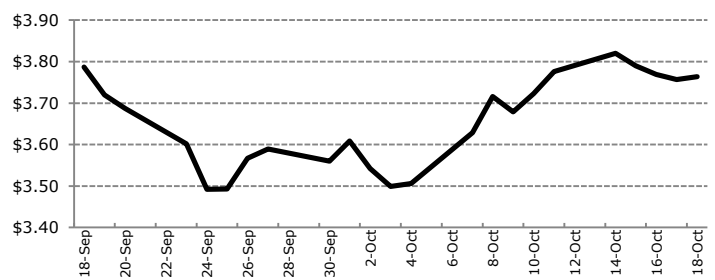
### Crude Oil Prompt Contract (\$US/Bbl)



### UK Brent Crude Oil

(\$US/Bbl)	18-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$109.94	+\$0.83	+0.75%	-1.20%	+1.08%

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



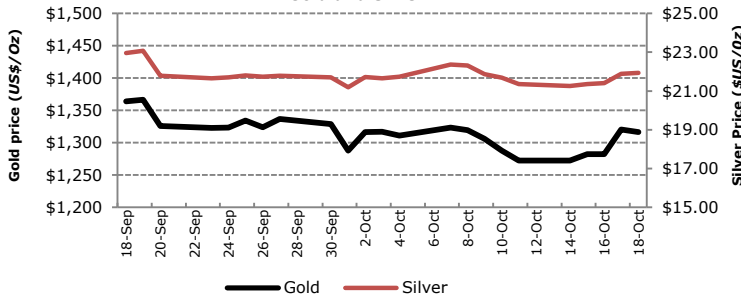
### Alberta Natural Gas

(\$CAD/GJ)	18-Oct	day Δ	%Δ
AECO Nov-13	\$3.36	-\$0.08	-2.4%

### Precious Metals

\$US/oz	18-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,316.25	-\$4.09	-0.3%	+3.5%	-3.5%	-1.3%
Silver	\$21.93	+\$0.05	+0.2%	+2.7%	-4.5%	+8.3%
Platinum	\$1,439	+\$1.50	+0.1%	+5.0%	-1.8%	-0.8%

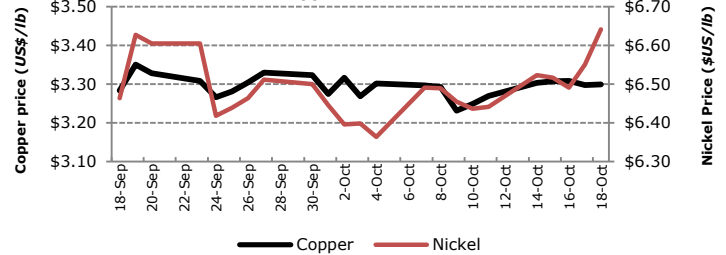
### Gold and Silver



### Industrial Metals

\$US/lb	18-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.30	+\$0.00	+0.1%	+0.9%	+0.5%	+3.5%
Nickel	\$6.64	+\$0.09	+1.4%	+3.1%	+2.7%	+0.8%
Zinc	\$0.95	+\$0.01	+1.1%	+1.7%	+3.0%	+2.9%
Aluminum	\$0.82	+\$0.00	0.0%	-1.2%	+3.8%	+1.2%
Uranium	\$35.15	+\$0.00	0.0%	+0.4%	-0.3%	-1.7%

### Copper and Nickel



### Agriculture & Other

	18-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.42	-\$0.01	-0.3%	+1.9%	-3.9%
Wheat (\$US/bu)	\$7.06	+\$0.20	+2.9%	+2.0%	+7.4%
Soybeans (\$US/bu)	\$12.91	-\$0.02	-0.2%	+1.9%	-3.6%
Rough Rice (\$US/cwt)	\$15.29	-\$0.16	-1.0%	+1.2%	-2.5%
Sugar #11 (¢US/lb)	¢19.50	+¢0.50	+2.6%	+3.0%	+9.9%
Lean Hogs (¢US/lb)	¢87.95	-¢0.50	-0.6%	+1.7%	+0.7%
Live Cattle (¢US/lb)	¢132.03	+¢0.25	+0.2%	-0.3%	+1.8%
Cotton No.2 (\$US/lb)	\$0.83	-\$0.01	-0.8%	-0.3%	-1.9%
Lumber (\$US/Mbft)	\$364.50	+\$1.10	+0.3%	+4.3%	-0.2%

### Commodity ETFs

	18-Oct	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$5.02	+\$0.02	+0.4%	-3.3%	-11.2%
HBP Nat Gas U	\$11.14	+\$0.00	+0.0%	+0.5%	-3.5%
iShares Gold ETF	\$11.68	-\$0.03	-0.3%	+2.4%	-4.0%
<b>\$USD</b>					
US Crude Oil	\$36.45	+\$0.07	+0.2%	-0.82%	-5.8%
US Nat Gas	\$19.32	-\$0.01	-0.1%	-0.51%	-1.0%
PSDB Agriculture	\$25.69	-\$0.05	-0.2%	0.35%	+1.3%
PSDB Base Metals	\$16.67	-\$0.04	-0.2%	-0.12%	+0.5%

This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

## Interest Rates

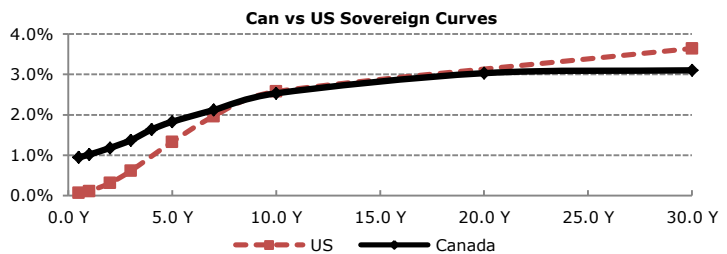
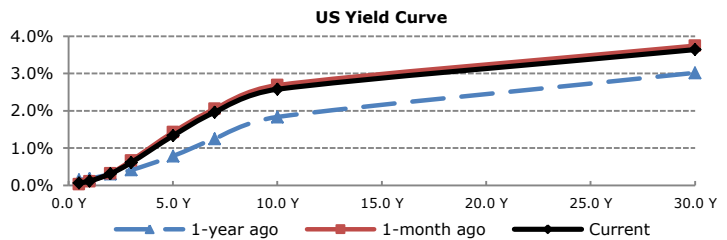
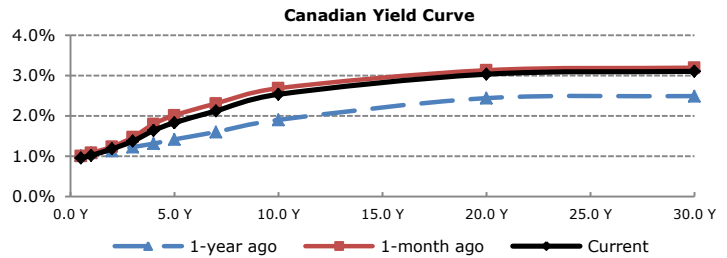
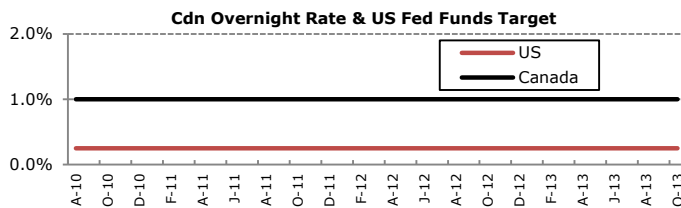
### Canadian yield curve

	18-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.99%	1.00%	0.97%
6-mnth	0.95%	+0.01%	1.00%	1.04%	1.01%
12-mnth	1.02%	+0.00%	1.08%	1.10%	1.08%
2-year	1.18%	+0.00%	1.23%	1.09%	1.13%
5-year	1.83%	-0.02%	2.01%	1.66%	1.42%
10-year	2.53%	-0.03%	2.68%	2.36%	1.90%
20-year	3.03%	-0.02%	3.13%	2.81%	2.44%
30-year	3.10%	-0.02%	3.19%	2.89%	2.49%

### US yield curve

	18-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-0.02%	0.01%	0.02%	0.10%
6-mnth	0.07%	-0.02%	0.03%	0.07%	0.15%
12-mnth	0.11%	-0.01%	0.11%	0.10%	0.18%
2-year	0.31%	+0.00%	0.32%	0.30%	0.30%
5-year	1.33%	+0.00%	1.42%	1.30%	0.79%
10-year	2.58%	-0.01%	2.69%	2.48%	1.83%
30-year	3.64%	-0.02%	3.75%	3.56%	3.02%

	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	18-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.029	-0.000	1.022	1.041	0.992
EURUSD	\$1.369	+0.001	1.352	1.313	1.299
USDJPY	¥97.72	-0.190	97.94	99.59	79.85
GBPUSD	\$1.617	+0.000	1.615	1.521	1.595
AUDUSD	\$0.968	+0.004	0.952	0.924	1.027

Spot	18-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥95.00	-0.148	95.81	95.71	80.46
CADAUD	\$1.005	-0.004	1.028	1.040	0.982
GBPUSD	£1.663	-0.000	1.650	1.583	1.583
EURJPY	¥133.79	-0.110	132.42	130.69	103.69
EURAUD	\$1.41	-0.005	1.42	1.42	1.27

## Economic Releases

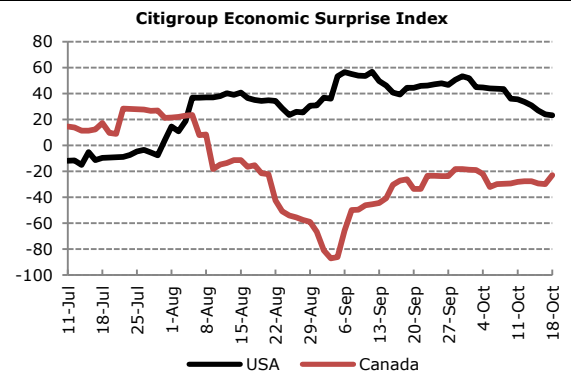
### United States

		Period	Survey	Actual	Prior
Mon, Oct 21	Existing Home Sales	30-Sep	5.3M	5.48M	5.39M
Tue, Oct 22	Nonfarm Payroll	30-Sep	180K	--	169K
Tue, Oct 22	Unemployment Rate	30-Sep	7.3%	--	7.3%
Thu, Oct 24	New Home Sales	30-Sep	425K	--	421K
Thu, Oct 24	Continuing Claims	12-Oct	2877K	--	2859K
Thu, Oct 24	Initial Jobless Claims	19-Oct	340K	--	374K
Fri, Oct 25	Leading Indicators	30-Sep	0.6%	--	0.7%

Fri, Oct 25	Factory Orders	31-Aug	0.3%	--	-2.4%
Fri, Oct 25	Durable Goods Orders	41547	2%	--	0.1%

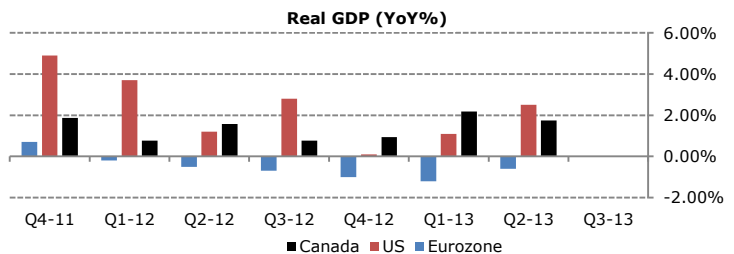
### Canada

		Period	Survey	Actual	Prior
Tue, Oct 22	Retail Sales (MoM)	31-Aug	0.3%	--	0.6%



## Economics

	Q4-12	Q1-13	Q2-13	Q3-13	2013E
<b>Canada</b>					
Real GDP	0.93%	2.18%	1.75%	NA	1.70%
CPI	0.93%	0.90%	0.77%	1.17%	1.10%
Unemployment	7.10%	7.20%	7.10%	6.90%	7.10%
<b>US</b>					
Real GDP	0.10%	1.10%	2.50%	NA	1.60%
CPI	1.90%	1.70%	1.43%	#VALUE!	1.50%
Unemployment	7.80%	7.60%	7.60%	#VALUE!	7.50%
<b>China</b>					
Real GDP	7.90%	7.70%	7.50%	7.80%	7.60%



This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**