

Today's Commentary

Tuesday saw another strong day for equities with the S&P 500 up 0.57 percent to 1,754.67 and the TSX up 0.47 percent to 13,248.06. Treasuries also had a strong day with 10 years testing the 2.5 percent yield level. These gains are likely from lower unemployment in the US to 7.2 percent due to a lower labour participation rate as payroll numbers missed estimates, keeping hopes alive that the Fed will hold off on tapering its treasury and MBS purchases. Thursday's initial claims numbers will be the next US indicator to watch. This morning the Bank of Canada also released an interest rate announcement where the overnight target rate remained unchanged at 1 percent as expected.

Spain's GDP grew by 0.1 percent in the July-September period, emerging from a two year recession and strengthening PM Rajoy's efforts to repair the nation's finances. Spain's economy has been stagnant since 2008. The slight recovery is mainly due to a more favourable contribution from the external sector. Signs of export-led economic growth may bolster Rajoy's popularity, half-way through his four-year term, as he tries to convince Spaniards that his unpopular austerity policies can lead the economy out of sovereign debt crisis. Rajoy said today the recovery from the crisis in 2008, which destroyed 3.8 million jobs, and left thousands of companies bankrupt, would be "slow and gradual." The spread between Spain's 10-year borrowing costs has narrowed to less than half of its peak in July 2012. The 10-year yield fell 6 basis points yesterday to 4.15 percent at 11:42 a.m. in Madrid, compared with a euro-era high of 7.75 percent last year. The Spanish government sold a new 30-year bond this month for the first time since 2009. The National Statistics agency INE is due to report preliminary GDP data for the third quarter Oct. 31 followed by a full breakdown of economic output Nov. 28.

The bad loan write-off of the largest banks in China tripled for the first half of this year, cleaning up the books in anticipation of a possible fresh wave of defaults. The largest 5 banks in China reported 22.1 billion yuan (\$3.65 billion) of bad debt, up from 7.65 billion yuan a year earlier. This did not negatively impact banks' profit as profits for the largest banks climbed to a record high. "Every other banking sector in the world writes off debts which are totally not collectible. We are finally seeing it here in China," said Jim Antos from Mizuho Securities Asia. The largest Chinese banks have taken action to curb credit risk, setting aside reserve valued at 272 percent of the amount of their soured debt, surpassing the required 150 percent level set by regulators.

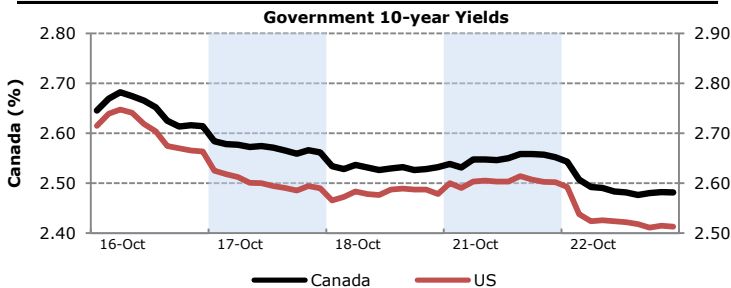
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

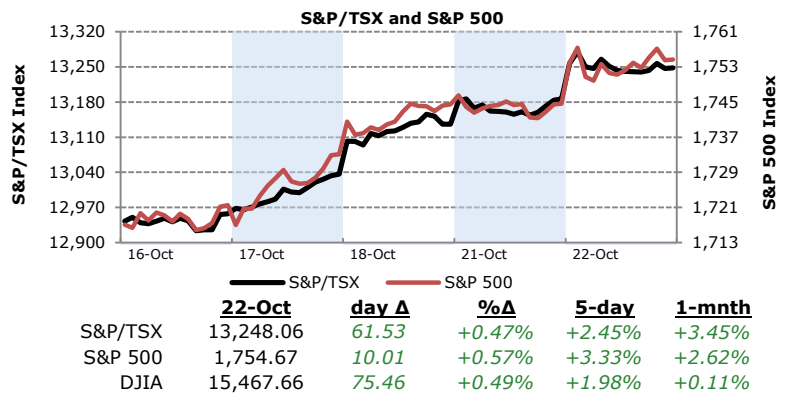
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

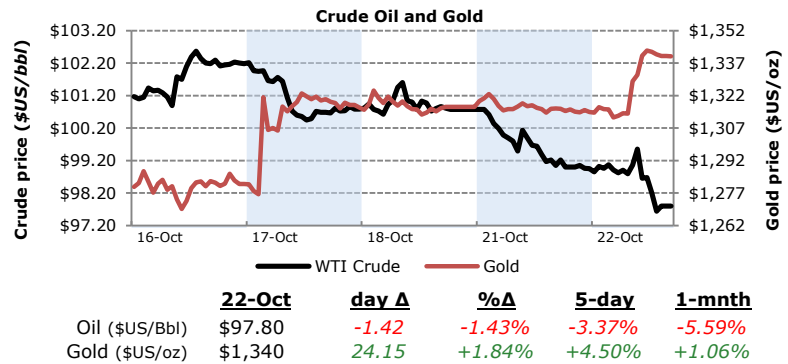
Interest Rates



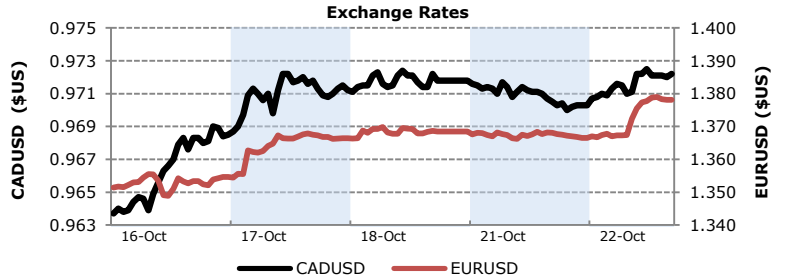
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	22-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.029	-0.002	1.038	1.030	0.995
EURUSD	\$1.378	+0.010	1.352	1.352	1.293
USDJPY	¥98.14	-0.050	98.160	99.36	80.30

Government 10-year Yields

	22-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.48%	-0.071%	2.69%	2.48%	1.87%
United States	2.51%	-0.089%	2.73%	2.59%	1.81%

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>

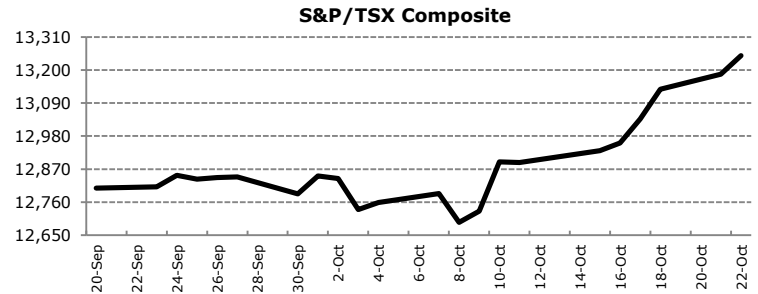
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	<u>22-Oct</u>	<u>day Δ</u>	<u>%Δ</u>
S&P/TSX	13,248.06	61.53	+0.47%

	<u>Trailing S&P/TSX</u>	<u>TSX 60</u>
5-day	+2.45%	+2.22%
1-month	+3.45%	+3.48%
3-months	+3.84%	+3.57%
6-months	+9.57%	+9.74%
12-months	+6.81%	+7.06%



TSX Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
C. Discretionary	+0.86%	+2.01%	+3.77%	+41.15%
C. Staples	-0.12%	+1.83%	+5.61%	+31.62%
Energy	-0.48%	+0.71%	+2.41%	+2.59%
Financials	+0.29%	+2.43%	+4.85%	+20.22%
Healthcare	-0.39%	+1.40%	+1.32%	+27.90%
Info Tech	-0.27%	-0.93%	+0.73%	+42.93%
Industrials	+0.29%	+2.16%	+5.34%	+29.92%
Materials	+2.67%	+5.82%	+0.66%	-31.68%
Metals & Mining	+3.98%	+7.85%	+3.65%	-10.61%
Telecom	+0.49%	+2.35%	+2.51%	+7.87%
Utilities	+0.36%	+3.14%	+3.68%	-6.35%

TSX Top Performers

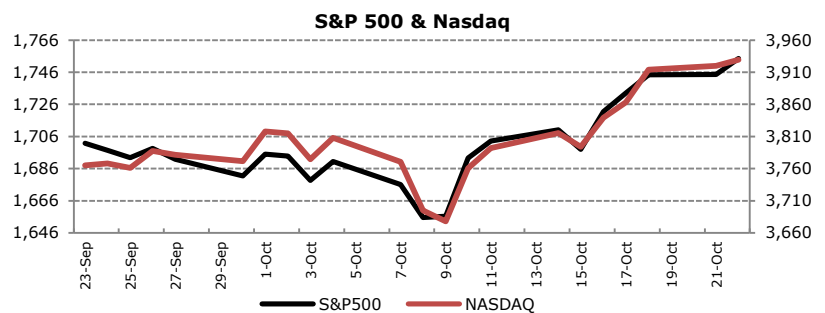
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
Turquoise Hill Resources		+10.37%	+23.13%	+3.44%	-35.56%
Semafo Inc		+9.45%	+14.40%	+18.30%	-30.67%
Argonaut Gold Inc		+9.31%	+5.46%	-3.07%	-38.18%
Detour Gold Corp		+8.79%	+18.30%	-10.03%	-67.32%
Dundee Precious Metals In		+8.28%	+9.68%	-15.00%	-42.05%

TSX Worst Performers

	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
Pretium Resources Inc		-27.67%	-29.30%	-52.02%	-74.10%
Wi-Lan Inc		-5.64%	-1.65%	+2.45%	-25.62%
Trinidad Drilling Ltd		-4.32%	-3.68%	-4.96%	+43.31%
Celestica Inc		-2.80%	-6.26%	-3.75%	+52.26%
Penn West Petroleum Ltd		-2.70%	+0.70%	-0.86%	-15.58%

US Indices

	<u>S&P 500</u>	<u>DJIA</u>	<u>Nasdaq</u>
Trailing	1,754.67	15,467.66	3,929.57
1-day	+0.57%	+0.49%	+0.24%
5-day	+3.33%	+1.98%	+3.57%
1-month	+2.62%	+0.11%	+4.10%
3-months	+3.49%	-0.50%	+9.14%
6-months	+12.30%	+6.18%	+21.52%
12-months	+22.38%	+15.90%	+30.25%



S&P 500 Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
C. Discretionary	+0.71%	+3.53%	+2.70%	+35.16%
C. Staples	+1.37%	+3.74%	+1.89%	+17.20%
Energy	+0.68%	+2.77%	+2.85%	+14.64%
Financials	+0.16%	+3.28%	+2.24%	+29.95%
Healthcare	+0.91%	+2.91%	+2.30%	+29.82%
Info Tech	-0.16%	+2.81%	+2.73%	+14.27%
Industrials	+0.57%	+3.62%	+2.80%	+30.30%
Materials	+1.42%	+4.12%	+3.55%	+18.29%
Telecom	+0.53%	+6.48%	+4.53%	+5.26%
Utilities	+1.27%	+3.99%	+3.40%	+5.05%

DJIA Top Performers

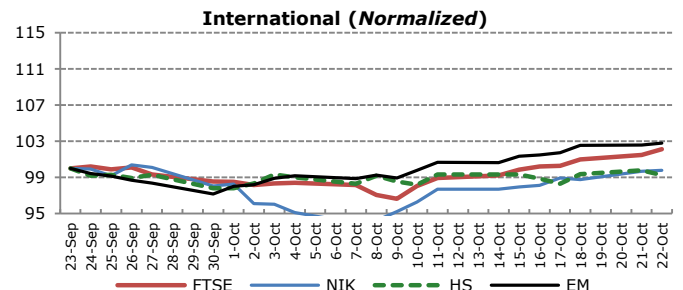
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
Walt Disney Co/The		+2.06%	+3.85%	+6.14%	+33.23%
Procter & Gamble Co/The		+1.79%	+3.58%	+1.25%	+17.34%
Caterpillar Inc		+1.68%	+3.99%	+5.22%	+4.81%

DJIA Worst Performers

	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
United Technologies Corp		-1.38%	+0.31%	-3.15%	+36.36%
Cisco Systems Inc		-1.22%	-2.29%	-7.55%	+24.52%
Jpmorgan Chase & Co		-1.20%	+2.50%	+1.55%	+27.39%

International Markets

	<u>FTSE 100</u>	<u>Nikkei</u>	<u>Hang Seng</u>	<u>MSCI EM</u>
Last Close	6,695.66	14,713.25	23,315.99	1,044.66
1-day	+0.62%	+0.13%	-0.52%	+0.19%
5-day	+2.24%	+1.88%	-0.09%	+1.44%
1-month	+1.50%	-0.20%	-0.79%	+3.11%
3-months	+1.09%	+0.38%	+8.87%	+9.50%
6-months	+6.61%	+8.44%	+5.77%	+3.23%
12-months	+13.82%	+63.29%	+7.46%	+3.71%



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Nymex WTI Crude Oil

(\$US/Bbl)	22-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$97.80	-\$1.42	-1.43%	-3.37%	-5.59%
Cal 14	\$96.29	-\$0.37	-0.38%	-1.54%	-1.17%
Cal 15	\$89.73	-\$0.11	-0.13%	-0.99%	+0.80%

(\$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	\$98.36	\$97.39	\$95.62	\$93.80	\$89.73

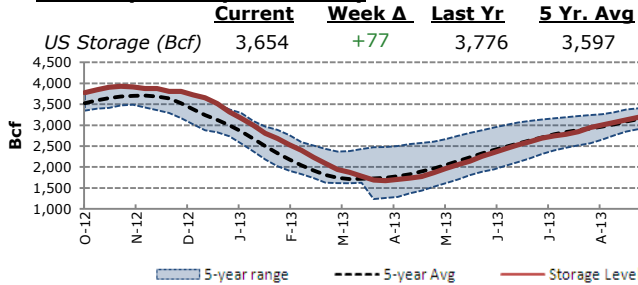
Inventory Levels (as of Oct-11)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	374,538	+3,999	337,426	319,411
Motor Gas	217,309	-2,570	214,389	200,481
Distillates	124,237	-1,801	171,756	140,851

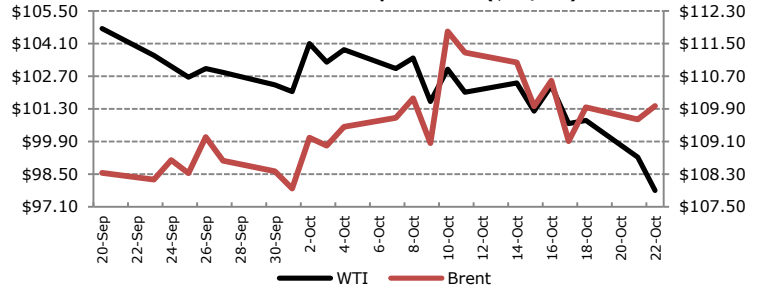
Nymex Natural Gas

(\$US/MMbtu)	22-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.58	-\$0.09	-2.37%	-5.51%	-0.58%
Nov13-Mar14	\$3.74	-\$0.09	-2.23%	-5.61%	-2.59%
Apr14-Oct14	\$3.81	-\$0.06	-1.65%	-4.54%	-1.64%
Nov14-Mar15	\$4.08	-\$0.07	-1.57%	-3.94%	-1.93%
Apr15-Oct15	\$3.96	-\$0.05	-1.22%	-2.65%	-1.62%

Inventory Levels (as of Oct-11)



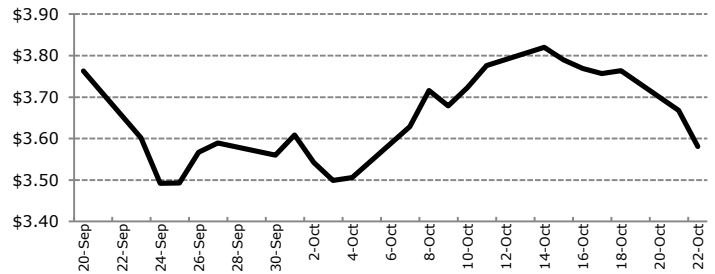
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	22-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$109.97	+\$0.33	+0.30%	+0.01%	+1.67%

Nat Gas Prompt (\$US/MMbtu)



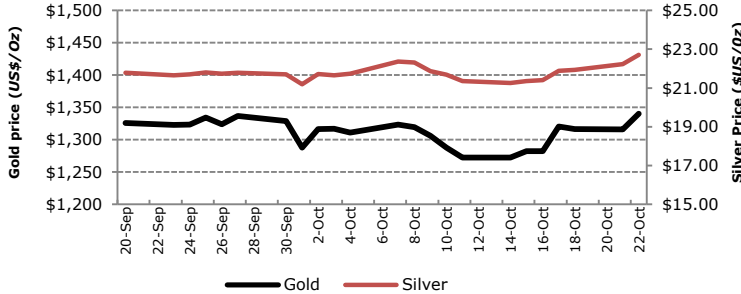
Alberta Natural Gas

(\$CAD/GJ)	22-Oct	day Δ	%Δ
AECO Nov-13	\$3.25	-\$0.02	-0.8%

Precious Metals

\$US/oz	22-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,340.15	+\$24.15	+1.8%	+4.5%	+1.1%	+0.9%
Silver	\$22.70	+\$0.48	+2.2%	+6.3%	+4.2%	+14.2%
Platinum	\$1,450	+\$16.05	+1.1%	+4.8%	+1.3%	+0.5%

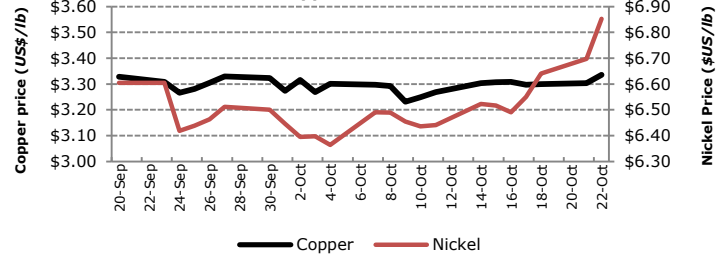
Gold and Silver



Industrial Metals

\$US/lb	22-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.34	+\$0.03	+1.0%	+0.8%	+0.2%	+7.0%
Nickel	\$6.85	+\$0.15	+2.3%	+5.2%	+3.8%	+7.1%
Zinc	\$0.96	+\$0.01	+1.1%	+2.1%	+2.4%	+5.5%
Aluminum	\$0.83	+\$0.01	+1.2%	+1.2%	+2.5%	+3.7%
Uranium	\$35.25	+\$0.10	+0.3%	+0.3%	+0.4%	+2.2%

Copper and Nickel



Agriculture & Other

	22-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.38	-\$0.06	-1.3%	-1.2%	-3.3%
Wheat (\$US/bu)	\$7.01	+\$0.01	+0.1%	+2.2%	+7.2%
Soybeans (\$US/bu)	\$12.98	-\$0.03	-0.2%	+2.5%	-1.0%
Rough Rice (\$US/cwt)	\$15.29	+\$0.03	+0.2%	-1.3%	-1.6%
Sugar #11 (¢US/lb)	¢19.45	¢0.03	+0.2%	+4.0%	+9.5%
Lean Hogs (¢US/lb)	¢88.58	¢1.10	+1.3%	+0.9%	+2.5%
Live Cattle (¢US/lb)	¢132.98	¢1.07	+0.8%	+0.2%	+1.9%
Cotton No.2 (\$US/lb)	\$0.82	-\$0.01	-0.7%	-1.5%	-2.2%
Lumber (\$US/Mbft)	\$368.70	+\$4.50	+1.2%	+5.5%	+1.5%

Commodity ETFs

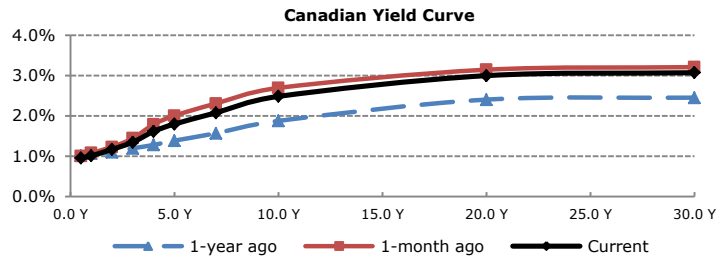
	22-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.74	-\$0.14	-2.9%	-5.8%	-12.1%
HBP Nat Gas U	\$10.14	-\$0.44	-4.2%	-11.4%	-10.7%
iShares Gold ETF	\$11.89	+\$0.23	+2.0%	+4.7%	+0.4%
\$USD					
US Crude Oil	\$35.41	-\$0.53	-1.5%	-2.91%	-6.2%
US Nat Gas	\$18.43	-\$0.40	-2.1%	-5.68%	-4.8%
PSDB Agriculture	\$25.77	+\$0.06	+0.2%	0.31%	+2.6%
PSDB Base Metals	\$16.94	+\$0.17	+1.0%	1.26%	+2.7%

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Interest Rates

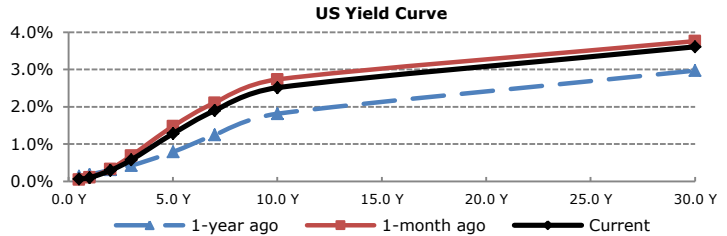
Canadian yield curve

	22-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.99%	1.00%	0.97%
6-mnth	0.95%	-	1.00%	1.04%	1.01%
12-mnth	1.01%	-0.02%	1.08%	1.11%	1.06%
2-year	1.17%	-0.03%	1.23%	1.15%	1.10%
5-year	1.80%	-0.06%	2.00%	1.76%	1.38%
10-year	2.48%	-0.07%	2.69%	2.48%	1.87%
20-year	3.00%	-0.05%	3.14%	2.91%	2.40%
30-year	3.07%	-0.05%	3.21%	2.98%	2.45%

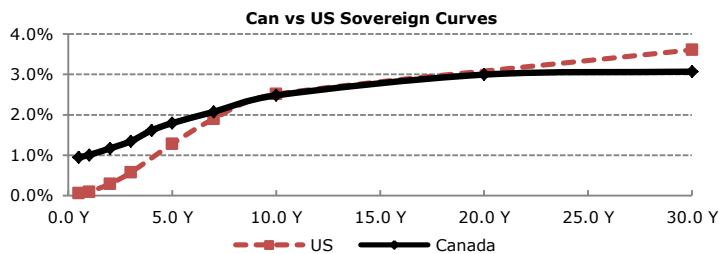
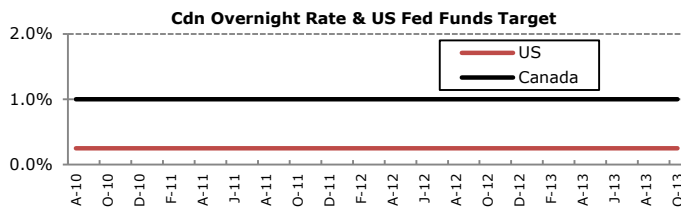


US yield curve

	22-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.03%	-	0.01%	0.02%	0.09%
6-mnth	0.06%	-	0.04%	0.06%	0.14%
12-mnth	0.10%	-0.01%	0.10%	0.12%	0.18%
2-year	0.29%	-0.02%	0.33%	0.35%	0.31%
5-year	1.28%	-0.07%	1.48%	1.38%	0.79%
10-year	2.51%	-0.09%	2.73%	2.59%	1.81%
30-year	3.61%	-0.06%	3.76%	3.65%	2.97%



	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)

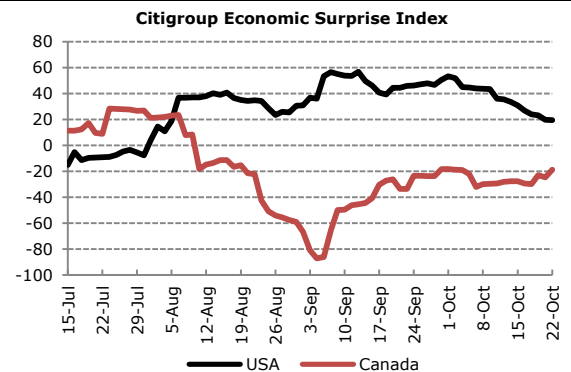
	Spot	22-Oct	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.029	-0.002		1.030	1.037	0.995
EURUSD	\$1.378	+0.010		1.352	1.314	1.293
USDJPY	¥98.14	-0.050		99.36	100.65	80.30
GBPUSD	\$1.624	+0.009		1.601	1.527	1.612
AUDUSD	\$0.971	+0.005		0.939	0.917	1.035

	Spot	22-Oct	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥95.41	+0.123		96.42	97.07	80.71
CADAUD	\$1.001	-0.004		1.033	1.052	0.971
GBPUSD	£1.670	+0.006		1.649	1.583	1.604
EURJPY	¥135.25	+0.930		134.37	132.26	103.86
EURAUD	\$1.42	+0.002		1.44	1.43	1.25

Economic Releases

United States

		Period	Survey	Actual	Prior
Mon, Oct 21	Existing Home Sales	30-Sep	5.3M	5.29M	5.48M
Tue, Oct 22	Nonfarm Payroll	30-Sep	180K	148K	169K
Tue, Oct 22	Unemployment Rate	30-Sep	7.3%	7.2%	7.3%
Thu, Oct 24	Continuing Claims	12-Oct	2870K	--	421K
Thu, Oct 24	Initial Jobless Claims	19-Oct	340K	--	2859K
Thu, Oct 24	Trade Balance	31-Aug	-39.5B	--	374B
Fri, Oct 25	Durable Goods Orders	30-Sep	2.3%	--	-39.1%

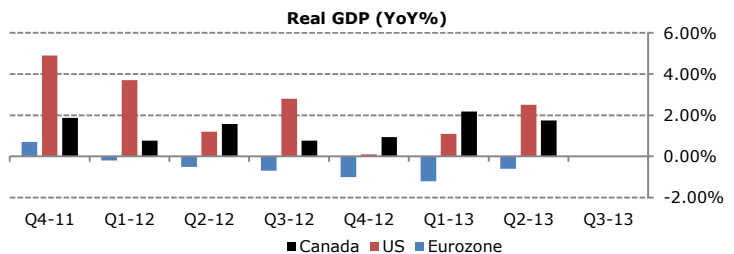


Canada

		Period	Survey	Actual	Prior
Tue, Oct 22	Retail Sales (MoM)	31-Aug	0.3%	0.2%	0.6%

Economics

	Q4-12	Q1-13	Q2-13	Q3-13	2013E
Canada					
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%
US					
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%	7.20%	7.50%
China					
Real GDP	7.90%	7.70%	7.50%	7.80%	7.60%



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