

Today's Commentary

Equities underperformed yesterday with the S&P500 off of recent highs closing at 1746.38 (-0.47%) and the TSX down only slightly to 13,243.32 (-0.00%). European stock markets on the other hand moved higher on Thursday as investors welcomed upbeat manufacturing data from China. Additionally, fixed income gained with US 10yr treasury benchmark yields at 2.48% and Canadian 10 years at 2.40% this morning with continued expectations of easy money. US Initial Jobless Claims also came in slightly higher than anticipated at 350k with consensus of 340k and the trade balance was little changed at a deficit of \$38.9B with a consensus of -\$39.4B.

The era of easy money is expected to extend into 2014. The Bank of Canada dropped its language about the need for future interest-rate increases and the central bank in Norway and Sweden decided to keep rate hikes on hold yesterday. Expecting a delay of Fed tapering, Treasury Inflation Protected Securities are seeing their biggest gains in two months. Demand for inflation insurance increased on speculation that the Fed will extend its loose monetary policy into 2014 increasing expectation for gains in consumer prices.

Asian stocks moved higher Thursday as a strong reading of China's Purchasing Managers' Index lifted most markets outside of China. China's manufacturing strengthened more than anticipated this month offering some positive news after disappointing export figures and September's manufacturing PMI, which had shown weak domestic demand. HSBC's preliminary flash reading of October's manufacturing rose to a seven month high of 50.9, up from September's final reading of 50.2. A number above 50 usually signals expansion in the economy. Final statistics of the HSBC-Markit China manufacturing PMI will be released on Nov. 1. The Flash PMI from HSBC and Markit is based on 85 percent to 90 percent of responses to surveys sent to more than 420 manufacturers. The survey showed output, new orders and export orders rising at a faster pace while employment declined at a slower rate. This shows that China's Economy is still on course for decent growth, not the kind of spectacular growth in the past, but enough growth to keep it above the government's bottom line. In the first nine months of the year, the \$8.5 trillion economy grew 7.7 percent from a year earlier, putting it on track to achieve Beijing's 2013 target of 7.5 percent, which would be the weakest growth in 23 years. Still, many economists see growth slowing ahead as global demand remains soft and as Beijing re-structures the economy towards one driven more by consumer demand than investment and credit.

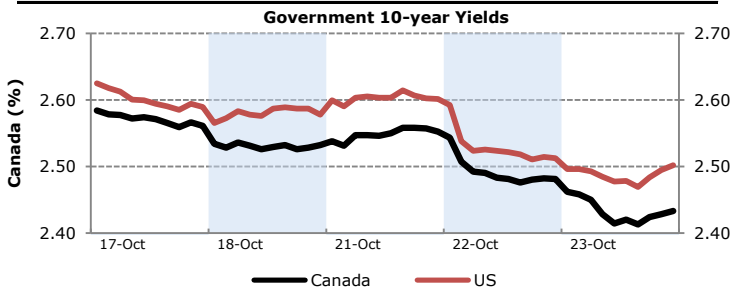
The Daily Roll is written by MFE Candidates **Luke Ostapiak, Wendy Ren and Tony Wu** in partnership with the **Rotman Finance Association**. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

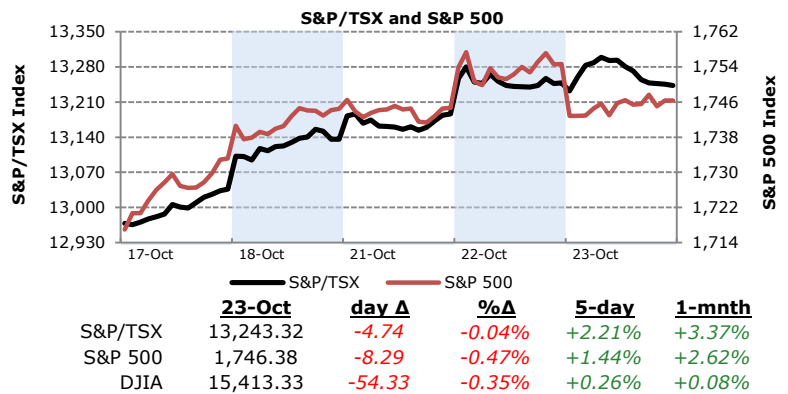
United States	Period	Survey	Actual	Prior
Continuing Claims	12-Oct	2870K	2874K	2859K
Trade Balance	30-Sep	-39.4B	-38.9B	-38.8B

Canada	Period	Survey	Actual	Prior
None Scheduled				

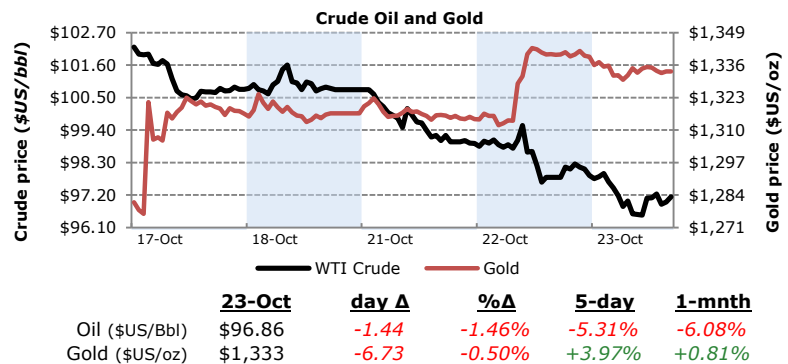
Interest Rates



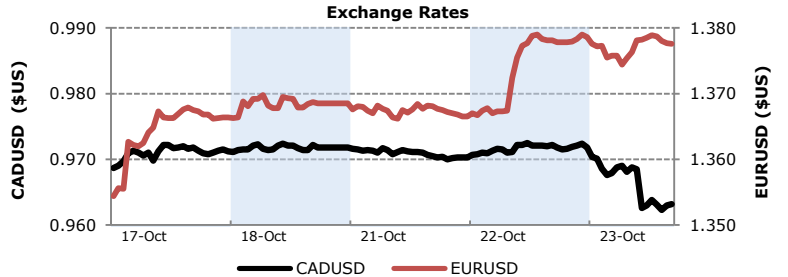
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	23-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.038	+0.010	1.033	1.028	0.997
EURUSD	\$1.378	-0.000	1.353	1.349	1.294
USDJPY	¥97.38	-0.760	98.770	98.85	79.65

Government 10-year Yields

	23-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.43%	-0.048%	2.65%	2.46%	1.85%
United States	2.50%	-0.011%	2.70%	2.57%	1.76%

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/>

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.**

Rotman Finance Association

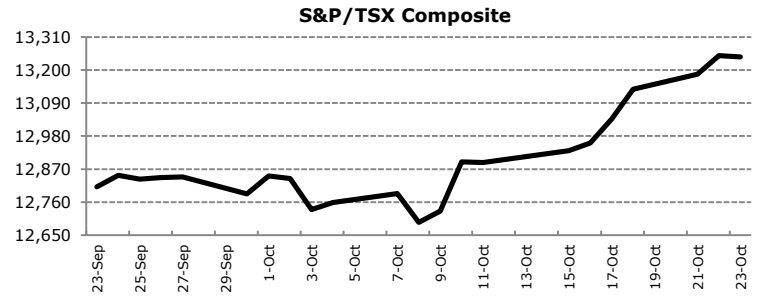


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

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

	23-Oct	day Δ	%Δ
S&P/TSX	13,243.32	-4.74	-0.04%

	Trailing S&P/TSX	TSX 60
5-day	+2.21%	+2.23%
1-month	+3.37%	+3.56%
3-months	+3.91%	+4.00%
6-months	+9.53%	+10.03%
12-months	+8.32%	+9.00%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.20%	+2.17%	+2.94%	+43.05%
C. Staples	+0.44%	+1.32%	+5.76%	+33.19%
Energy	-0.96%	-0.84%	+1.34%	+3.65%
Financials	-0.23%	+1.85%	+4.16%	+21.52%
Healthcare	+0.80%	+1.32%	+4.32%	+30.40%
Info Tech	-0.18%	-1.43%	-0.24%	+43.67%
Industrials	+2.94%	+5.06%	+8.23%	+34.63%
Materials	-1.39%	+5.64%	+0.94%	-31.19%
Metals & Mining	-2.70%	+5.46%	+1.89%	-11.01%
Telecom	+0.72%	+2.92%	+2.07%	+8.89%
Utilities	+0.91%	+3.40%	+5.16%	-5.11%

TSX Top Performers

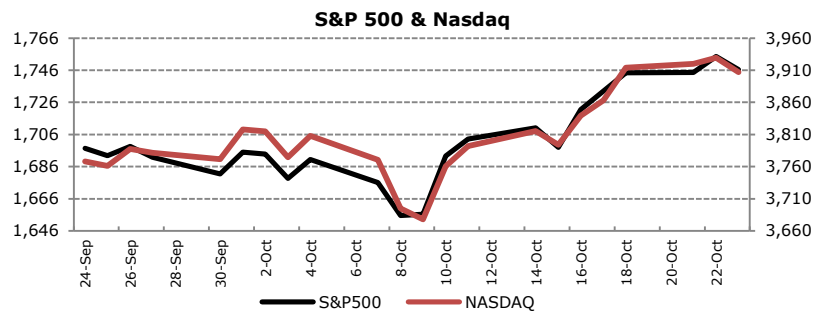
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Canadian Pacific Railway		+10.23%	+10.33%	+14.39%	+70.98%
Celestica Inc		+8.81%	+1.47%	+4.73%	+68.29%
Firstservice Corp		+4.87%	+5.19%	+11.89%	+51.91%
Dream Unlimited-CI A Sub		+4.54%	+15.53%	+22.75%	NA
Canadian Natl Railway Co		+4.41%	+5.10%	+10.10%	+35.03%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Centerra Gold Inc		-23.22%	-9.89%	-15.46%	-60.39%
Osisko Mining Corp		-7.72%	+3.54%	-2.77%	-43.92%
Oceanagold Corp		-5.30%	+9.16%	-9.49%	-59.72%
Lundin Mining Corp		-4.55%	+3.13%	-2.74%	-14.44%
Finning International Inc		-4.53%	-1.16%	+4.57%	+3.38%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
23-Oct	1,746.38	15,413.33	3,907.07
1-day	-0.47%	-0.35%	-0.57%
5-day	+1.44%	+0.26%	+1.76%
1-month	+2.62%	+0.08%	+3.77%
3-months	+3.19%	-0.99%	+9.16%
6-months	+10.62%	+4.71%	+19.51%
12-months	+23.58%	+17.64%	+30.65%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.59%	+1.69%	+2.84%	+35.46%
C. Staples	+0.13%	+2.44%	+2.54%	+18.93%
Energy	-1.35%	+0.02%	+1.97%	+15.84%
Financials	-0.85%	+0.25%	+2.87%	+30.99%
Healthcare	-0.15%	+0.72%	+2.86%	+31.46%
Info Tech	-0.48%	+1.43%	+1.94%	+15.17%
Industrials	+0.01%	+2.96%	+2.95%	+31.79%
Materials	-0.65%	+2.39%	+3.52%	+21.18%
Telecom	-0.26%	+4.38%	+4.19%	+6.05%
Utilities	+0.03%	+3.00%	+2.25%	+6.04%

DJIA Top Performers

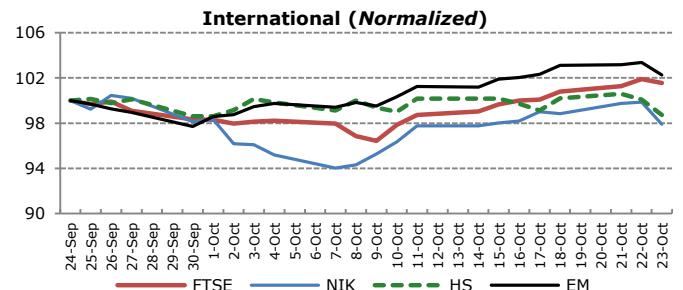
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Boeing Co/The		+5.34%	+7.21%	+10.62%	+81.15%
Procter & Gamble Co/The		+0.66%	+3.28%	+2.71%	+23.70%
Intl Business Machines Co		+0.46%	-5.87%	-7.50%	-6.40%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Caterpillar Inc		-6.07%	-2.23%	-0.48%	+2.86%
Microsoft Corp		-2.34%	-2.51%	+3.27%	+24.16%
Cisco Systems Inc		-1.72%	-3.22%	-8.48%	+27.40%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,674.48	14,426.05	22,999.95	1,033.47
1-day	-0.32%	-1.95%	-1.36%	-1.07%
5-day	+1.57%	-0.28%	-0.98%	+0.21%
1-month	+1.79%	-2.15%	-1.59%	+1.69%
3-months	+1.17%	-2.38%	+4.95%	+6.65%
6-months	+4.19%	+6.63%	+5.47%	+2.34%
12-months	+15.12%	+60.04%	+6.00%	+3.68%

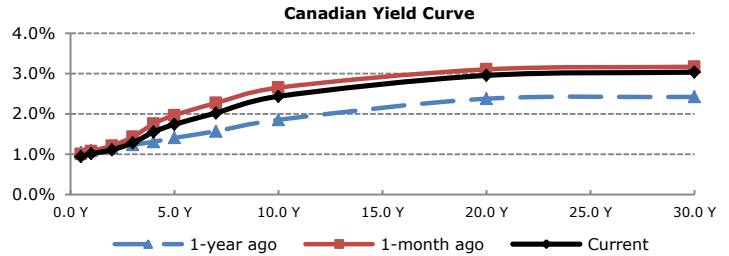


This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, 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

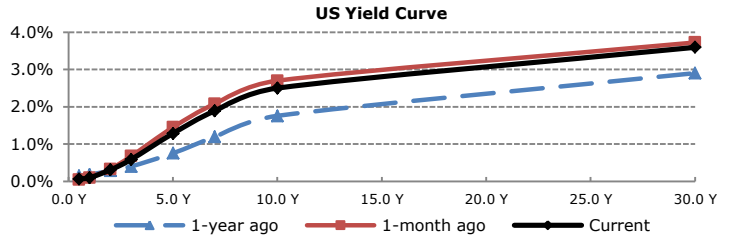
Canadian yield curve

	23-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.91%	-	0.99%	1.00%	1.00%
6-mnth	0.94%	-	1.00%	1.04%	1.04%
12-mnth	1.01%	-	1.08%	1.11%	1.09%
2-year	1.11%	-0.06%	1.21%	1.15%	1.14%
5-year	1.74%	-0.06%	1.97%	1.74%	1.40%
10-year	2.43%	-0.05%	2.65%	2.46%	1.85%
20-year	2.95%	-0.04%	3.10%	2.90%	2.37%
30-year	3.03%	-0.04%	3.17%	2.97%	2.42%

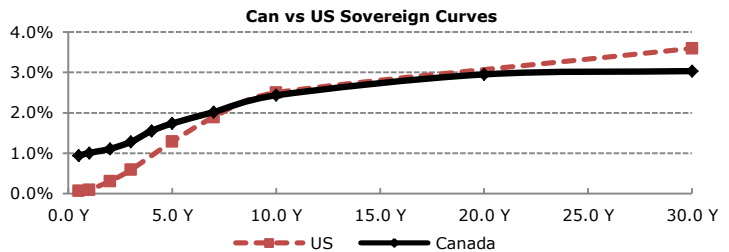
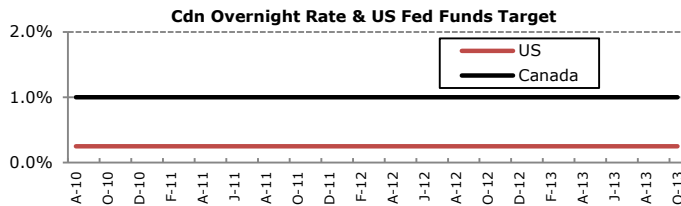


US yield curve

	23-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.03%	+0.01%	0.01%	0.02%	0.10%
6-mnth	0.07%	+0.00%	0.04%	0.06%	0.15%
12-mnth	0.10%	-	0.10%	0.11%	0.18%
2-year	0.31%	+0.02%	0.33%	0.32%	0.29%
5-year	1.28%	+0.00%	1.45%	1.38%	0.75%
10-year	2.50%	-0.01%	2.70%	2.57%	1.76%
30-year	3.59%	-0.01%	3.73%	3.64%	2.90%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	4-Dec-13	1.00%
US Fed Funds	0.25%	0.25%	30-Oct-13	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

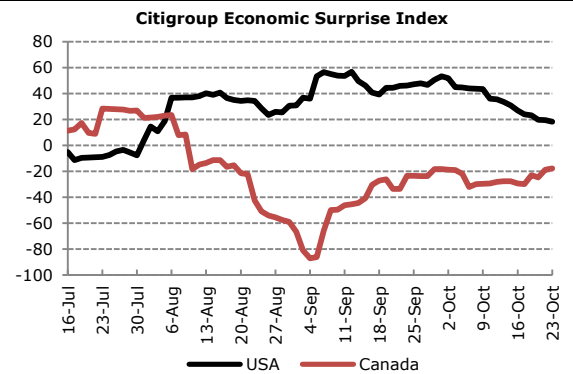
<i>Spot</i>	23-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.038	+0.010	1.028	1.033	0.997
EURUSD	\$1.378	-0.000	1.349	1.319	1.294
USDJPY	¥97.38	-0.760	98.85	99.67	79.65
GBPUSD	\$1.616	-0.007	1.604	1.536	1.611
AUDUSD	\$0.962	-0.008	0.943	0.925	1.037

<i>Spot</i>	23-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥93.78	-1.626	96.11	96.44	79.88
CADAUD	\$1.001	-0.001	1.031	1.046	0.967
GBPUSD	£1.678	+0.008	1.650	1.587	1.606
EURJPY	¥134.15	-1.100	133.37	131.42	103.05
EURAUD	\$1.43	+0.012	1.43	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	2874K	2859K
Thu, Oct 24	Initial Jobless Claims	19-Oct	340K	350K	358K
Thu, Oct 24	Trade Balance	30-Sep	-39.4B	-38.9B	-38.8B
Fri, Oct 25	Durable Goods Orders	30-Sep	2.2%	--	0.1%



Canada

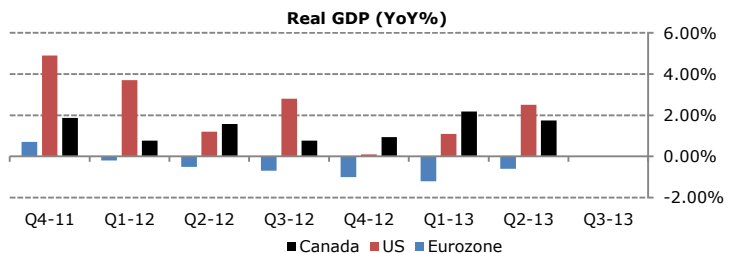
		Period	Survey	Actual	Prior
Tue, Oct 22	Retail Sales (MoM)	31-Aug	0.3%	0.2%	0.6%

Economics

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