

## Today's Commentary

Markets sank on Thursday as the U.S. government shutdown entered its third day. The S&P/TSX composite dropped 0.81 percent, while the S&P 500 and Dow each lost 0.9 percent. The S&P 500 and Dow have now fallen for nine of the past eleven trading days. The group that weighed most heavily on the TSX was the energy sector, with a 1.1 percent loss, although all sectors were in the red. The materials sector dropped 1.4 percent, but the price of gold was little changed, holding steady above the \$1300 level. Data from China showing strong growth in the services sector failed to lift markets. Due to the government shutdown, the U.S. Department of Labor will not be issuing its September payroll report on Friday as scheduled.

The yield curve for Treasuries has inverted, as money managers sell bills that mature near the October 17 debt ceiling deadline, and buy longer dated securities. One-month rates are trading at 0.13 percent, while three-month bills are yielding just 0.02 percent. Five-year credit default swaps on U.S. debt have risen to 42 basis points, the highest level since February, and the yield on 10-year Treasuries rose slightly on Thursday, to 2.62 percent. The market is gradually pricing in concerns of a possible default on government debt, although this remains a minority view. Volatility in interest rates is expected to continue until the debt ceiling situation is resolved.

The Congressional Republican leadership has started to shift from their focus defunding the 2010 affordable care act to garnering a broader budget deal amidst and inability to strike a deal to re-open the government. House Speaker John Boehner has told a group of his closest allies that he doesn't want to broker a deal to fund federal agencies and re-open the government only to face another negotiation over raising the debt ceiling and will attempt to combine the two issues to begin a negotiations of a broader scope with the White House and Senate. The President has signalled that he will not negotiate terms for raising the debt ceiling but Republicans hope to exact some deficit reduction measures from the process.

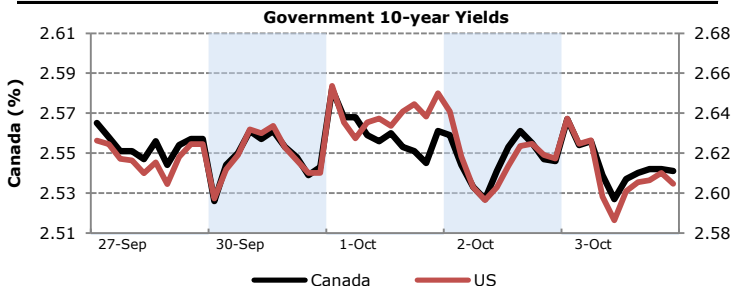
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

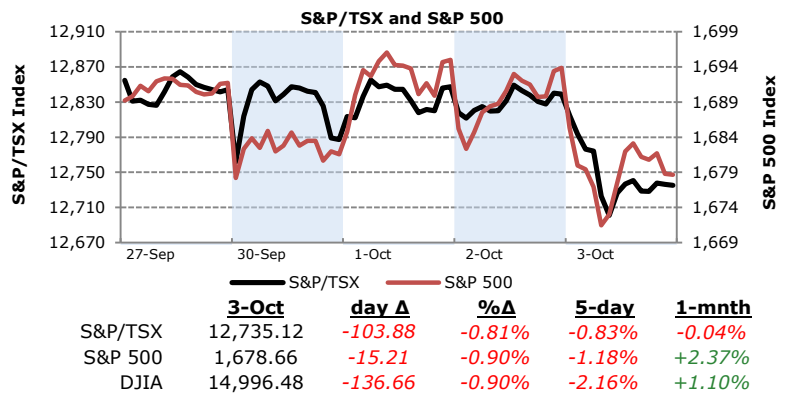
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

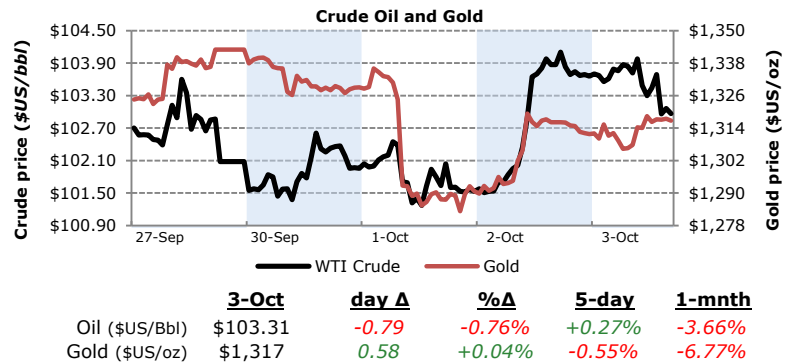
## Interest Rates



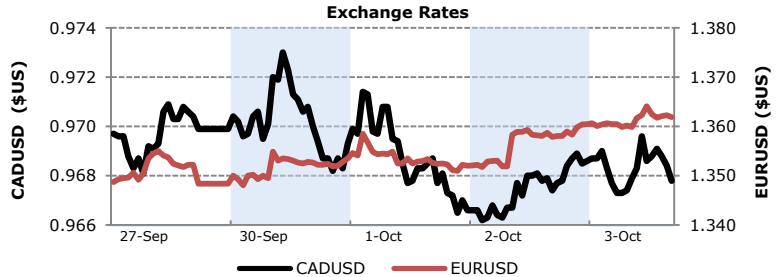
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	3-Oct	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.033		-0.000	1.031	1.050	0.978
EURUSD	\$1.362		+0.004	1.349	1.321	1.289
USDJPY	¥97.27		-0.090	98.990	99.74	78.26

	Government 10-year Yields	3-Oct	day Δ	Historical levels		
				-1 mnth	-3 mnths	-1 year
Canada	2.54%		-0.005%	2.68%	2.55%	1.72%
United States	2.60%		-0.013%	2.86%	2.74%	1.61%

## 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.

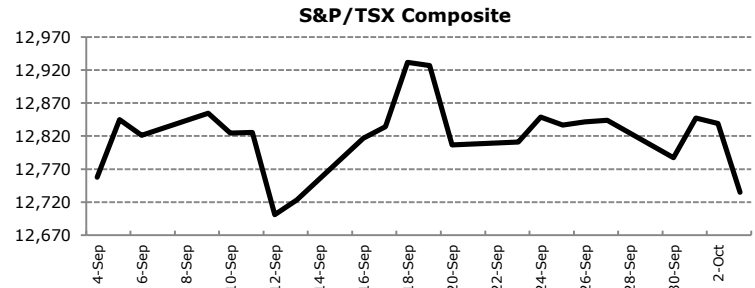
<http://www.rotman.utoronto.ca/financeassociation>

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	<b>3-Oct</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,735.12	-103.88	-0.81%
<b>Trailing S&amp;P/TSX TSX 60</b>			
5-day	-0.83%	-0.92%	
1-month	-0.04%	-0.49%	
3-months	+4.85%	+4.95%	
6-months	+2.52%	+2.40%	
12-months	+3.04%	+3.48%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.19%	-0.96%	+3.11%	+35.24%
C. Staples	-0.27%	+0.48%	+1.16%	+26.97%
Energy	-1.12%	-1.45%	+0.33%	-0.02%
Financials	-0.51%	-0.78%	+0.95%	+16.76%
Healthcare	-0.22%	+0.05%	-2.20%	+22.27%
Info Tech	-1.37%	-0.37%	-1.31%	+36.23%
Industrials	-0.81%	+0.58%	+5.61%	+25.05%
Materials	-1.41%	-2.12%	-7.73%	-34.37%
Metals & Mining	-2.62%	-5.97%	-1.82%	-14.78%
Telecom	-0.71%	-2.31%	-2.65%	+2.97%
Utilities	-1.67%	-0.37%	+3.29%	-10.83%

**TSX Top Performers**

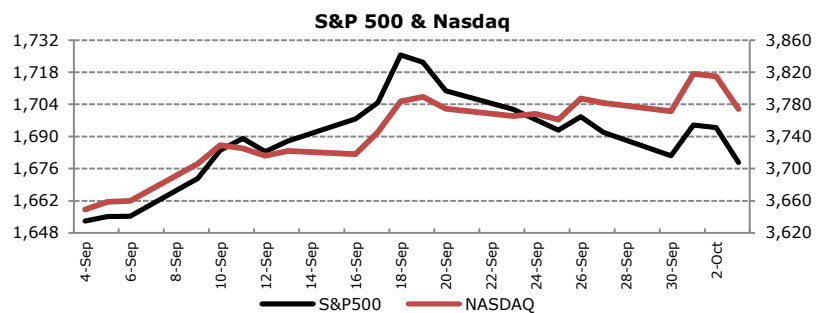
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Transglobe Energy Corp	+4.63%	+9.31%	+20.19%	-19.25%
Calfrac Well Services Ltd	+3.78%	+1.76%	-3.11%	+29.88%
Nuvista Energy Ltd	+3.48%	-0.91%	-11.86%	+39.74%
Dream Unlimited-CI A Sub	+2.31%	+2.86%	+17.08%	NA
Trican Well Service Ltd	+2.15%	-1.36%	-6.89%	+3.22%

**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>
Centerra Gold Inc	-7.16%	-3.81%	-31.73%	-63.42%
Turquoise Hill Resources	-5.88%	-9.24%	-21.17%	-47.64%
Atlantic Power Corp	-5.82%	+6.35%	+11.67%	-68.12%
First Quantum Minerals Lt	-4.08%	-7.51%	+2.06%	-17.74%
Silver Standard Resources	-3.93%	-9.71%	-34.01%	-61.19%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
3-Oct	1,678.66	14,996.48	3,774.34
1-day	-0.90%	-0.90%	-1.07%
5-day	-1.18%	-2.16%	-0.35%
1-month	+2.37%	+1.10%	+4.48%
3-months	+3.92%	+0.05%	+9.60%
6-months	+8.04%	+3.07%	+17.27%
12-months	+15.69%	+11.13%	+20.38%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.01%	-0.61%	+4.29%	+28.73%
C. Staples	-0.46%	-1.76%	+0.88%	+9.65%
Energy	-0.84%	-1.18%	+1.05%	+10.28%
Financials	-0.80%	-1.30%	+1.60%	+25.66%
Healthcare	-0.96%	-0.14%	+2.50%	+23.84%
Info Tech	-1.03%	-1.15%	+2.49%	+4.63%
Industrials	-1.11%	-1.99%	+4.13%	+23.59%
Materials	-0.87%	-1.77%	+3.38%	+14.40%
Telecom	-0.41%	-1.71%	+1.08%	-6.00%
Utilities	-1.24%	-1.53%	+1.14%	+1.35%

**DJIA Top Performers**

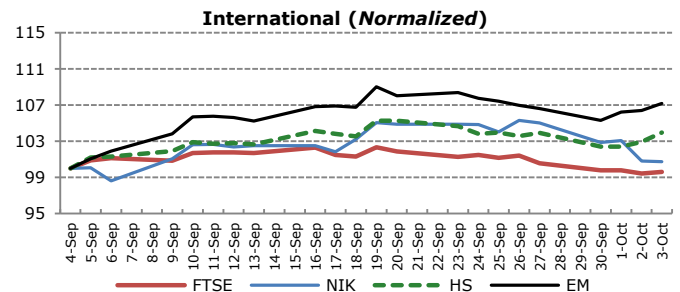
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Verizon Communications In	+0.47%	-1.38%	-0.78%	+1.58%
Merck & Co. Inc.	-0.02%	+1.43%	+2.26%	+5.64%
Unitedhealth Group Inc	-0.07%	+0.50%	+1.09%	+27.54%

**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>
Boeing Co/The	-2.21%	-3.47%	+10.89%	+64.96%
Chevron Corp	-2.14%	-4.24%	-1.81%	+1.82%
Du Pont (E.I.) De Nemours	-2.09%	-2.94%	+2.01%	+16.83%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	6,449.04	14,157.25	23,214.40	1,005.25
1-day	+0.18%	-0.09%	+1.00%	+0.74%
5-day	-1.78%	-4.34%	+0.02%	+0.22%
1-month	-0.30%	+1.28%	+3.66%	+7.64%
3-months	+3.52%	+0.72%	+15.22%	+10.20%
6-months	+0.45%	+14.52%	+3.93%	-1.93%
12-months	+10.70%	+61.86%	+11.14%	+0.27%



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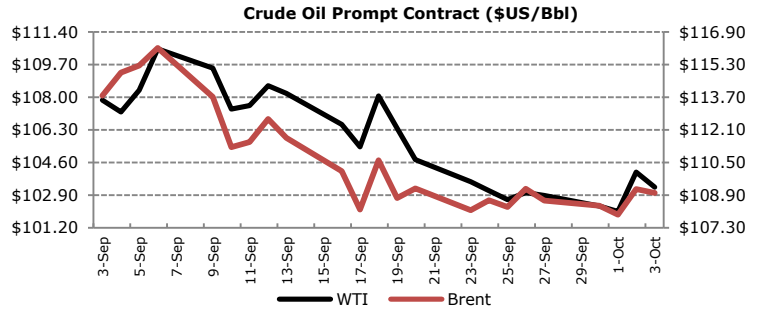
### Nymex WTI Crude Oil

(\$US/Bbl)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$103.31	-\$0.79	-0.76%	+0.27%	-3.66%
Cal 14	\$97.20	-\$0.41	-0.43%	+0.29%	+0.64%
Cal 15	\$89.49	-\$0.45	-0.50%	-0.03%	-0.17%

(\$US/bbl)	Q1-14	Q2-14	Q3-14	Q4-14	2015
Consensus Forecast	\$101.00	\$98.00	\$99.00	\$102.00	\$101.00
Current Forward	\$101.23	\$98.24	\$95.64	\$93.67	\$89.49

### Inventory Levels (as of Sep-27)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	363,732	+5,472	337,426	319,411
Motor Gas	219,730	+3,495	214,389	200,481
Distillates	129,179	-1,680	171,756	140,851

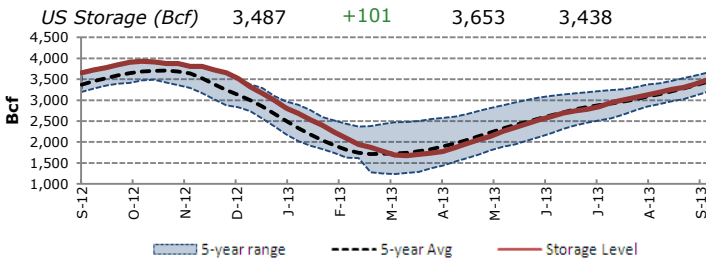


(\$US/Bbl)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$109.00	-\$0.19	-0.17%	-0.19%	-5.14%

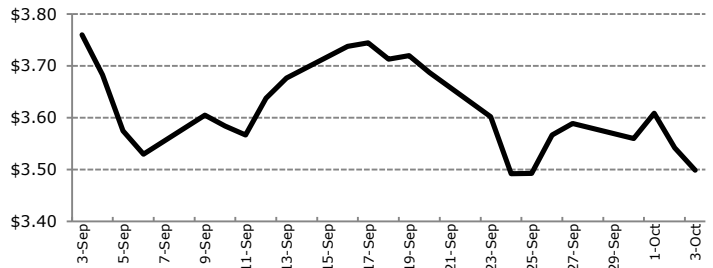
### Nymex Natural Gas

(\$US/MMbtu)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.50	-\$0.04	-1.21%	-1.91%	-5.00%
Nov13-Mar14	\$3.69	-\$0.03	-0.93%	-2.10%	-2.97%
Apr14-Oct14	\$3.78	-\$0.02	-0.60%	-1.94%	-2.21%
Nov14-Mar15	\$4.06	-\$0.02	-0.56%	-1.90%	-2.43%
Apr15-Oct15	\$3.94	-\$0.02	-0.50%	-1.71%	-2.48%

### Inventory Levels (as of Sep-27)



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

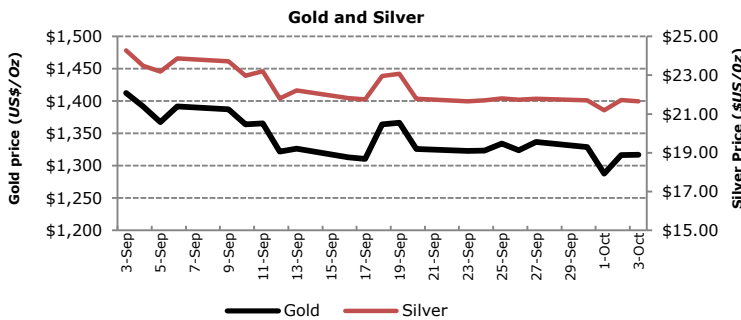


### Alberta Natural Gas

(\$CAD/GJ)	3-Oct	day Δ	%Δ
AECO Nov-13	\$3.16	-\$0.01	-0.2%

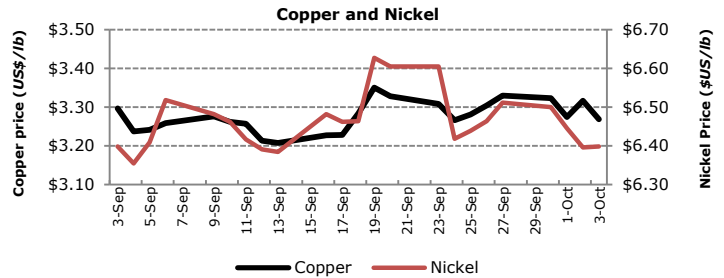
### Precious Metals

\$US/oz	3-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,316.77	+\$0.58	+0.0%	-0.6%	-6.8%	+4.5%
Silver	\$21.66	-\$0.07	-0.3%	-0.3%	-10.8%	+11.7%
Platinum	\$1,373	-\$16.00	-1.2%	-2.7%	-10.7%	+0.2%



### Industrial Metals

\$US/lb	3-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.27	-\$0.05	-1.4%	-1.1%	-0.8%	+5.4%
Nickel	\$6.40	+\$0.00	+0.0%	-1.0%	0.0%	+1.1%
Zinc	\$0.92	+\$0.01	+0.6%	-2.0%	-2.4%	-0.8%
Aluminum	\$0.81	+\$0.00	0.0%	+1.3%	0.0%	+1.3%
Uranium	\$35.25	+\$0.00	0.0%	+1.0%	+3.7%	-10.2%



### Agriculture & Other

	3-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.39	+\$0.00	+0.1%	-3.8%	-6.4%
Wheat (\$US/bu)	\$6.89	+\$0.03	+0.5%	+1.6%	+6.7%
Soybeans (\$US/bu)	\$12.88	+\$0.15	+1.1%	-2.2%	-4.8%
Rough Rice (\$US/cwt)	\$14.90	-\$0.07	-0.5%	-2.7%	-5.0%
Sugar #11 (¢US/lb)	¢18.52	+¢0.01	+0.1%	+1.8%	+9.2%
Lean Hogs (¢US/lb)	¢86.78	+¢0.60	+0.7%	-1.1%	+1.1%
Live Cattle (¢US/lb)	¢131.78	-¢0.05	-0.0%	+0.2%	+1.4%
Cotton No.2 (\$US/lb)	\$0.87	+\$0.01	+0.7%	+2.3%	+5.7%
Lumber (\$US/Mbft)	\$334.80	-\$0.90	-0.3%	-1.9%	+0.0%

### Commodity ETFs

	3-Oct	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$5.20	-\$0.08	-1.5%	+0.0%	-6.6%
HBP Nat Gas U	\$9.84	-\$0.19	-1.9%	-3.5%	-13.3%
iShares Gold ETF	\$11.71	+\$0.01	+0.1%	-0.7%	-5.6%
<b>\$USD</b>					
US Crude Oil	\$37.14	-\$0.28	-0.7%	0.16%	-4.2%
US Nat Gas	\$18.03	-\$0.19	-1.0%	-1.80%	-6.3%
PSDB Agriculture	\$25.33	+\$0.02	+0.1%	-0.63%	+0.8%
PSDB Base Metals	\$16.47	-\$0.16	-1.0%	-0.48%	-1.4%

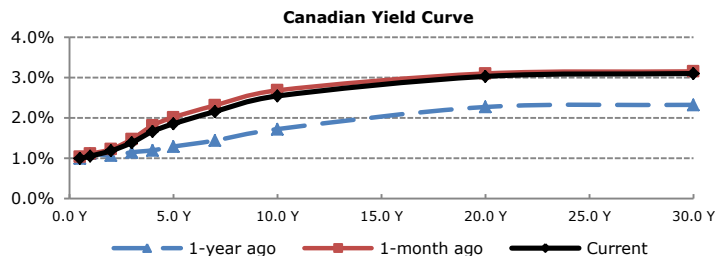
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## Interest Rates

### Canadian yield curve

	<b>3-Oct</b>	<b>day Δ</b>	<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.97%	-	0.99%	1.03%	0.96%
6-mnth	0.99%	-	1.03%	1.06%	0.99%
12-mnth	1.05%	-0.00%	1.11%	1.14%	1.11%
2-year	1.18%	-0.00%	1.22%	1.23%	1.06%
5-year	1.85%	-0.01%	2.01%	1.87%	1.29%
10-year	2.54%	-0.01%	2.68%	2.55%	1.72%
20-year	3.03%	+0.01%	3.10%	2.94%	2.27%
30-year	3.10%	+0.01%	3.15%	2.97%	2.32%

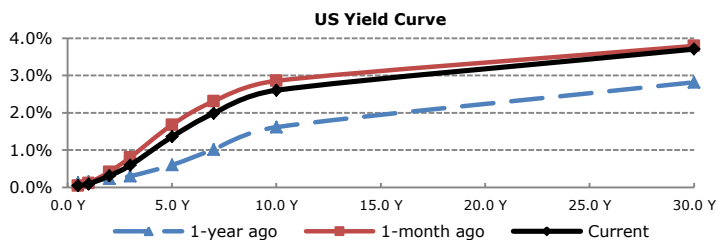
### Historical Levels



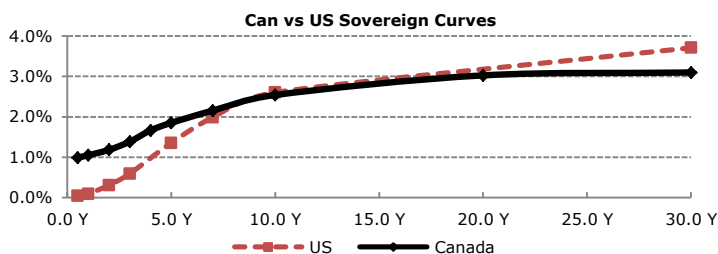
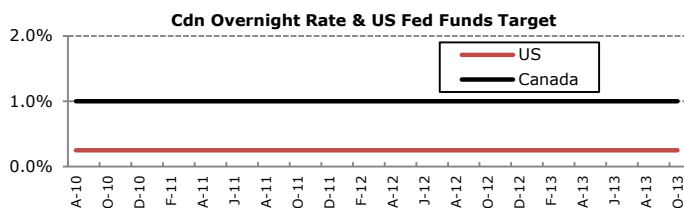
### US yield curve

	<b>3-Oct</b>	<b>day Δ</b>	<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.02%	+0.02%	0.02%	0.04%	0.09%
6-mnth	0.05%	+0.01%	0.04%	0.07%	0.13%
12-mnth	0.09%	+0.01%	0.12%	0.14%	0.15%
2-year	0.31%	-0.01%	0.41%	0.39%	0.23%
5-year	1.36%	-0.02%	1.68%	1.61%	0.60%
10-year	2.60%	-0.01%	2.86%	2.74%	1.61%
30-year	3.71%	+0.01%	3.79%	3.71%	2.82%

### Historical Levels



	<b>Current</b>	<b>Prior</b>	<b>Next Meeting</b>	<b>Survey</b>
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)

	<b>Spot</b>	<b>3-Oct</b>	<b>day Δ</b>	<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.033	-0.000	1.050	1.051	0.978	
EURUSD	\$1.362	+0.004	1.321	1.301	1.289	
USDJPY	¥97.27	-0.090	99.74	99.91	78.26	
GBPUSD	\$1.616	-0.007	1.563	1.528	1.600	
AUDUSD	\$0.939	+0.001	0.917	0.909	1.021	

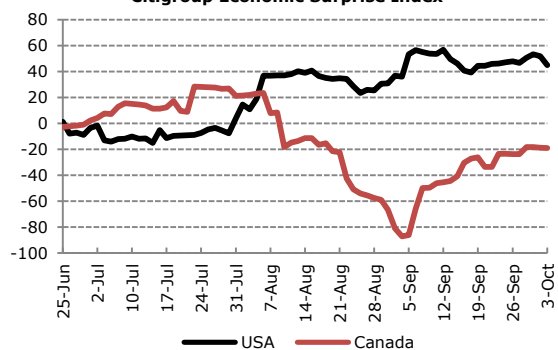
	<b>Spot</b>	<b>3-Oct</b>	<b>day Δ</b>	<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥94.13	-0.060	95.03	95.11	80.00	
CADAUD	\$1.030	-0.001	1.039	1.047	1.002	
GBPUSD	£1.670	-0.008	1.640	1.605	1.566	
EURJPY	¥132.46	+0.260	131.73	129.97	100.83	
EURAUD	\$1.45	+0.003	1.44	1.43	1.26	

## Economic Releases

### United States

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Tue, Oct 01	ISM Manufacturing	30-Sep	55	56.2	55.7
Wed, Oct 02	ADP Employment Change	30-Sep	180K	166K	176K
Thu, Oct 03	Continuing Claims	21-Sep	2805%	2925%	2823%
Thu, Oct 03	Initial Jobless Claims	28-Sep	315K	308K	305K

### Citigroup Economic Surprise Index

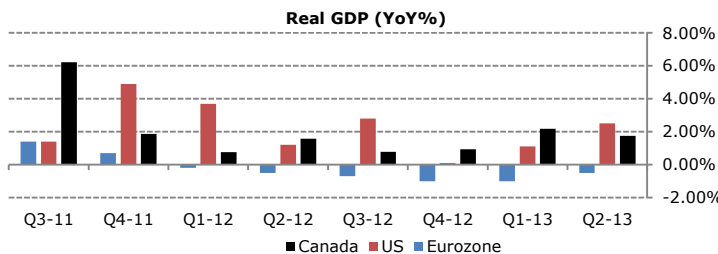


### Canada

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

## Economics

	<b>Q3-12</b>	<b>Q4-12</b>	<b>Q1-13</b>	<b>Q2-13</b>	<b>2013E</b>
<b>Canada</b>					
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%
<b>US</b>					
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%
<b>China</b>					
Real GDP	7.40%	7.90%	7.70%	7.50%	7.60%



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