

Today's Commentary

The S&P/TSX composite made modest gains on Friday, closing up 0.18 percent, while the S&P 500 and Dow rallied 0.71 and 0.51 percent respectively. However, futures pointed lower on Sunday night after House Speaker John Boehner stated that there will be no Republican support for raising the debt ceiling until the Obama administration agrees to new spending cuts. Boehner warned that "The votes are not in the House to pass a clean debt limit and the president is risking default by not having a conversation with us." Treasury Secretary Jack Lew countered that Congress is "playing with fire" and called the risk of default "unthinkable." The negotiations will surely continue to bring volatility to the markets as the government shutdown enters its second week.

Malaysian Prime Minister Mohd Najib has committed \$36 billion to the construction of a natural gas plant and pipeline in British Columbia. The investment will be made through Malaysia's state-owned oil and gas company Petronas, and will be the largest direct foreign investment in Canada. Last year, the Canadian government introduced new rules to make takeovers of Canadian companies by state-owned enterprises more difficult. While the decision was criticized for preventing much-needed foreign capital from entering the country, Prime Minister Najib is optimistic, stating that Malaysia's investment shows "the level of confidence [it has] in the policies of the Canadian government." The investment follows a deal to acquire Alberta's Progress Energy Inc. for \$5 billion last year, and according to Prime Minister Harper, "all the indications [he has] is that Petronas is looking at further investment."

Analysts warn that U.S. default due to the failure of the world's largest borrower to raise the debt ceiling could lead to an economic calamity worse than the collapse of Lehman Brothers. A default will disrupt a lending mechanism of over \$5 trillion for institutions who use treasuries as collateral for repos to finance trade operations. Such a scenario would mean borrowing costs for billions of individuals and companies would rocket upwards and most likely cause a global recession, if not an outright depression. The \$12 trillion of outstanding government debt is 23 times the amount Lehman owed when it filed for bankruptcy in 2008. The interlinkages in the financial markets would mean it would be next to impossible to halt the contagion caused by a default, leading to a chain of defaults in many other markets. Though history shows that an outright default is not likely the current political climate in Washington DC indicates that the probability of not raising the debt ceiling stands at more than zero percent.

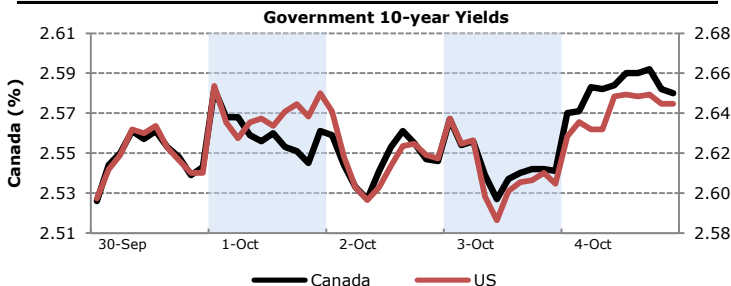
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

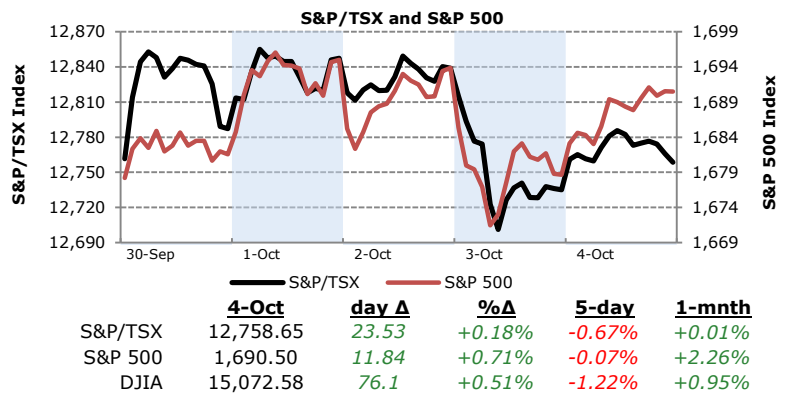
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
Building Permits (MoM)	30-Sep	-7.4%	-21.2%	20.7%

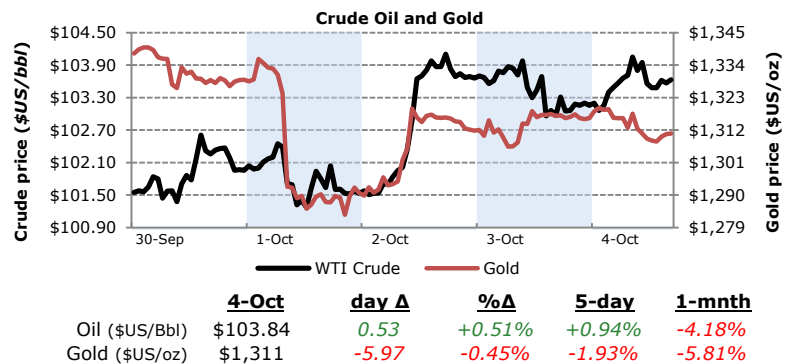
Interest Rates



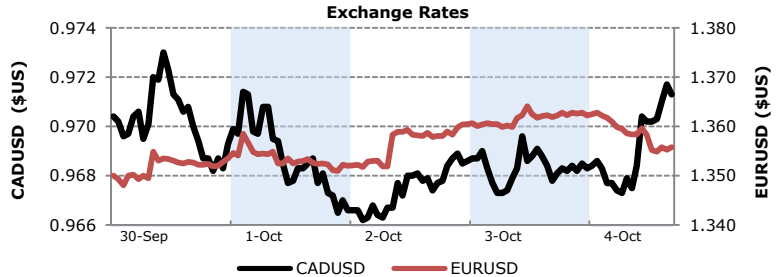
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	4-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.029	-0.004	1.031	1.051	0.982
EURUSD	\$1.356	-0.006	1.352	1.312	1.288
USDJPY	¥97.48	+0.210	98.240	100.11	78.18

	4-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Government 10-year Yields					
Canada	2.58%	0.039%	2.72%	2.55%	1.76%
United States	2.64%	0.040%	2.90%	2.74%	1.67%

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/>



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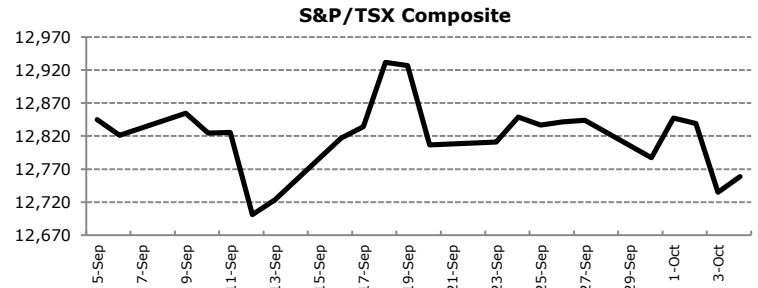
Rotman Finance Association



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>

	4-Oct	day Δ	%Δ
S&P/TSX	12,758.65	23.53	+0.18%
Trailing S&P/TSX TSX 60			
5-day	-0.67%	-0.61%	
1-month	+0.01%	-0.34%	
3-months	+4.87%	+5.03%	
6-months	+3.20%	+3.30%	
12-months	+2.50%	+2.94%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.55%	+0.17%	+2.92%	+35.32%
C. Staples	+0.28%	+0.07%	+0.95%	+27.01%
Energy	+0.74%	-0.76%	+1.27%	+0.18%
Financials	+0.17%	-0.75%	+0.93%	+16.25%
Healthcare	+1.51%	+1.94%	-1.37%	+24.11%
Info Tech	-0.55%	-1.25%	-2.74%	+35.65%
Industrials	+0.24%	+0.79%	+4.81%	+24.68%
Materials	-0.04%	-2.00%	-7.66%	-35.46%
Metals & Mining	+1.21%	-3.31%	-0.82%	-14.86%
Telecom	+0.30%	-1.43%	-1.80%	+2.65%
Utilities	-0.19%	-0.27%	+1.63%	-11.16%

TSX Top Performers

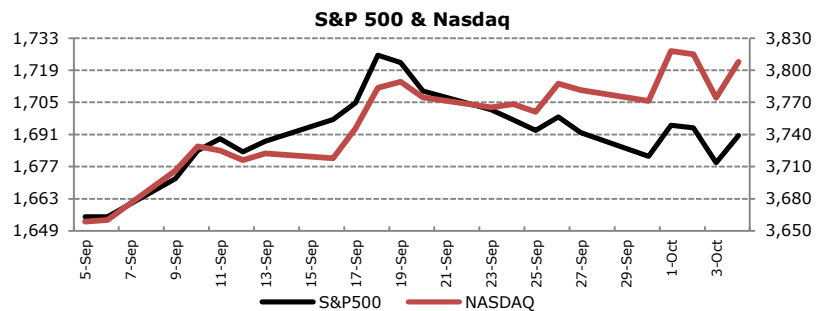
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Air Canada-Class B		+13.10%	+24.03%	+59.22%	+209.66%
Transglobe Energy Corp		+7.72%	+17.45%	+27.38%	-13.33%
Gran Tierra Energy Inc		+5.06%	+1.45%	+6.22%	+54.22%
Alacer Gold Corp		+5.00%	-0.32%	+0.00%	-54.81%
Canadian Energy Services		+4.39%	-0.17%	+0.87%	+64.02%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Rio Alto Mining Ltd		-5.24%	-13.40%	-35.82%	-67.15%
B2Gold Corp		-3.25%	-9.51%	-16.20%	-41.67%
Pason Systems Inc		-2.42%	+0.27%	+5.87%	+38.83%
China Gold International		-2.38%	-3.37%	-23.67%	-34.17%
Novagold Resources Inc		-2.13%	-4.17%	-23.08%	-56.52%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing 4-Oct	1,690.50	15,072.58	3,807.75
1-day	+0.71%	+0.51%	+0.89%
5-day	-0.07%	-1.22%	+0.69%
1-month	+2.26%	+0.95%	+4.35%
3-months	+4.65%	+0.56%	+10.57%
6-months	+8.37%	+3.19%	+18.07%
12-months	+15.68%	+11.03%	+20.90%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.88%	+0.21%	+4.15%	+28.75%
C. Staples	+0.17%	-0.98%	+0.60%	+9.36%
Energy	+0.85%	-0.03%	+1.38%	+10.11%
Financials	+0.88%	-0.04%	+1.72%	+24.92%
Healthcare	+1.13%	+0.94%	+2.51%	+24.43%
Info Tech	+0.49%	-0.07%	+2.09%	+5.02%
Industrials	+0.47%	-0.91%	+3.63%	+23.54%
Materials	+1.43%	+0.84%	+3.93%	+14.60%
Telecom	+0.21%	-0.54%	+0.03%	-6.57%
Utilities	+0.21%	-0.65%	+1.50%	+0.95%

DJIA Top Performers

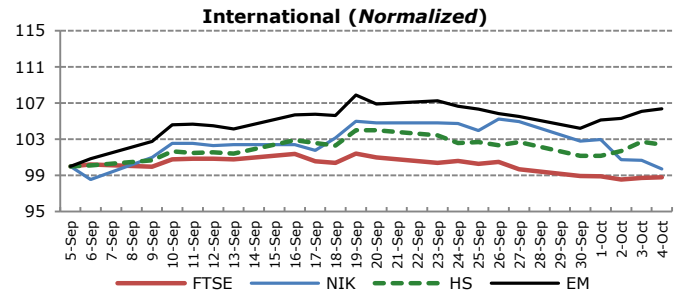
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Walt Disney Co/The		+2.00%	+0.17%	+7.17%	+24.07%
Boeing Co/The		+1.70%	-1.30%	+11.61%	+67.57%
Du Pont (E.I.) De Nemours		+1.54%	-0.61%	+4.01%	+17.89%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Wal-Mart Stores Inc		-0.49%	-2.10%	+0.17%	-2.57%
Merck & Co. Inc.		-0.27%	+0.92%	+2.16%	+4.58%
General Electric Co		-0.21%	+0.00%	+4.29%	+4.79%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing Last Close	6,453.88	14,024.31	23,138.54	1,007.92
1-day	+0.08%	-0.94%	-0.33%	+0.27%
5-day	-0.90%	-4.98%	+0.06%	+0.80%
1-month	-0.32%	-0.21%	+3.64%	+7.48%
3-months	+0.50%	+0.04%	+13.04%	+10.50%
6-months	+1.73%	+11.00%	+3.59%	-0.90%
12-months	+10.74%	+58.92%	+10.67%	+0.24%



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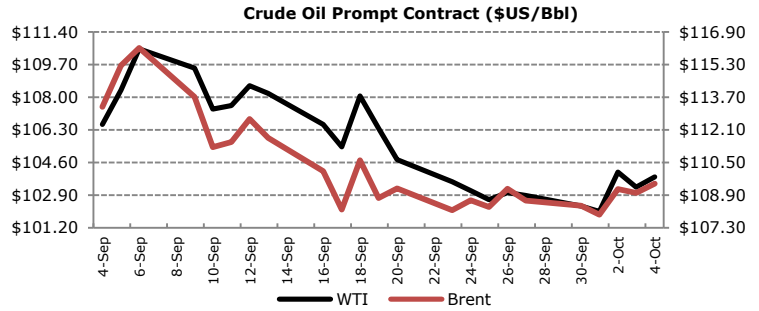
Nymex WTI Crude Oil

(\$US/Bbl)	4-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$103.84	+\$0.53	+0.51%	+0.94%	-4.18%
Cal 14	\$97.90	+\$0.70	+0.72%	+1.48%	+0.99%
Cal 15	\$90.17	+\$0.68	+0.75%	+1.45%	+0.57%

(\$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	\$101.83	\$98.94	\$96.40	\$94.42	\$90.17

Inventory Levels (as of Sep-27)

(MMbls)	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



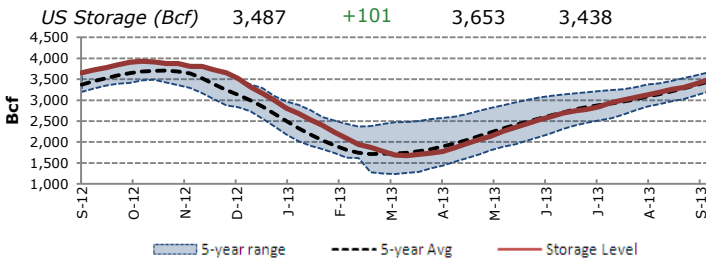
UK Brent Crude Oil

(\$US/Bbl)	4-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$109.46	+\$0.46	+0.42%	+0.76%	-5.03%

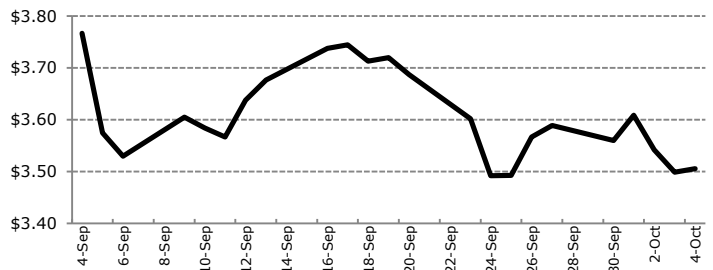
Nymex Natural Gas

(\$US/MMbtu)	4-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.51	+\$0.01	+0.20%	-2.31%	-1.93%
Nov13-Mar14	\$3.70	+\$0.01	+0.31%	-2.30%	-4.47%
Apr14-Oct14	\$3.80	+\$0.02	+0.42%	-1.90%	-3.01%
Nov14-Mar15	\$4.08	+\$0.02	+0.39%	-1.90%	-3.08%
Apr15-Oct15	\$3.95	+\$0.02	+0.43%	-1.66%	-2.93%

Inventory Levels (as of Sep-27)



Nat Gas Prompt (\$US/MMbtu)

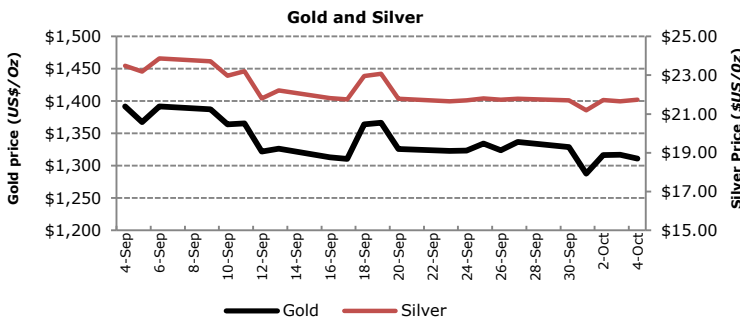


Alberta Natural Gas

(\$CAD/GJ)	4-Oct	day Δ	%Δ
AECO Nov-13	\$3.14	-\$0.02	-0.7%

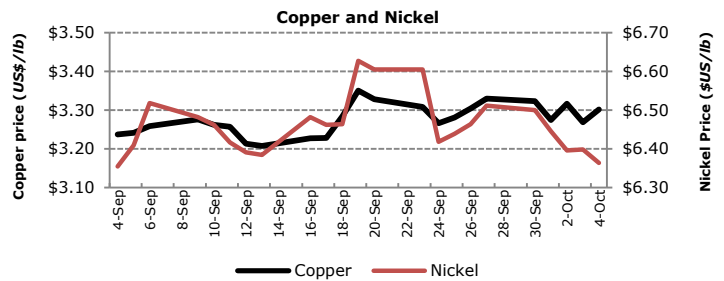
Precious Metals

\$US/oz	4-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,310.80	-\$5.97	-0.5%	-1.9%	-5.8%	+1.9%
Silver	\$21.74	+\$0.09	+0.4%	-0.2%	-7.4%	+7.8%
Platinum	\$1,389	+\$16.35	+1.2%	-2.2%	-7.2%	-1.3%



Industrial Metals

\$US/lb	4-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.30	+\$0.03	+1.0%	-0.9%	+2.0%	+3.7%
Nickel	\$6.36	-\$0.03	-0.5%	-2.3%	+0.1%	-0.7%
Zinc	\$0.92	-\$0.00	-0.5%	-3.4%	-1.4%	-3.1%
Aluminum	\$0.81	+\$0.00	0.0%	0.0%	+2.5%	-1.2%
Uranium	\$35.00	-\$0.25	-0.7%	-0.7%	+2.9%	-10.8%



Agriculture & Other

	4-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.43	+\$0.04	+0.9%	-2.4%	-3.9%
Wheat (\$US/bu)	\$6.87	-\$0.02	-0.3%	+0.6%	+7.3%
Soybeans (\$US/bu)	\$12.95	+\$0.07	+0.5%	-1.9%	-5.3%
Rough Rice (\$US/cwt)	\$14.87	-\$0.03	-0.2%	-3.4%	-4.8%
Sugar #11 (¢US/lb)	¢18.48	¢0.04	-0.2%	+4.2%	+8.2%
Lean Hogs (¢US/lb)	¢87.63	¢0.85	+1.0%	-0.6%	+2.0%
Live Cattle (¢US/lb)	¢132.43	¢0.65	+0.5%	+0.3%	+2.6%
Cotton No.2 (\$US/lb)	\$0.87	-\$0.00	-0.3%	+0.6%	+5.9%
Lumber (\$US/Mbft)	\$336.80	+\$2.00	+0.6%	-1.5%	+1.9%

Commodity ETFs

	4-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$5.26	+\$0.06	+1.2%	+1.9%	-7.2%
HBP Nat Gas U	\$9.85	+\$0.01	+0.1%	-4.8%	-8.1%
iShares Gold ETF	\$11.66	-\$0.05	-0.4%	-1.9%	-4.3%
\$USD					
US Crude Oil	\$37.31	+\$0.17	+0.5%	0.95%	-2.7%
US Nat Gas	\$18.06	+\$0.03	+0.2%	-2.27%	-6.4%
PSDB Agriculture	\$25.48	+\$0.15	+0.6%	0.16%	+1.6%
PSDB Base Metals	\$16.55	+\$0.08	+0.5%	-0.78%	+0.5%

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Interest Rates

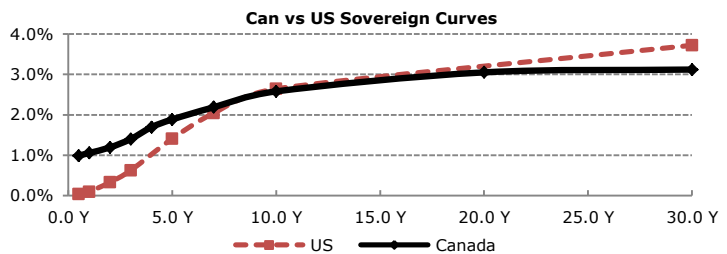
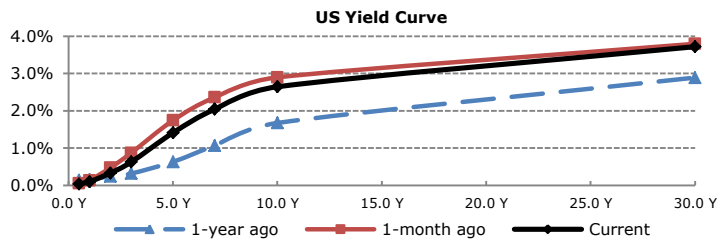
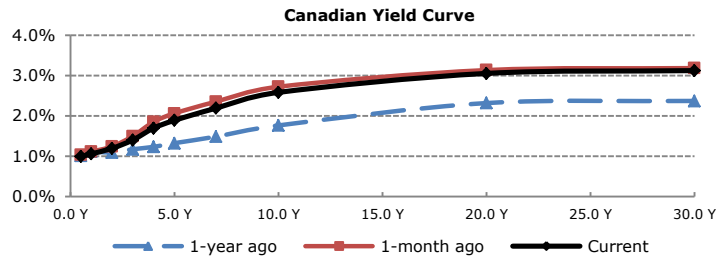
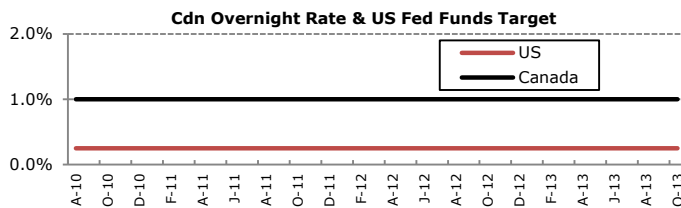
Canadian yield curve

	4-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.97%	-	0.99%	1.03%	0.97%
6-mnth	0.99%	-	1.03%	1.06%	1.01%
12-mnth	1.06%	+0.01%	1.11%	1.14%	1.11%
2-year	1.19%	+0.01%	1.24%	1.23%	1.09%
5-year	1.89%	+0.04%	2.06%	1.87%	1.32%
10-year	2.58%	+0.04%	2.72%	2.55%	1.76%
20-year	3.05%	+0.03%	3.13%	2.94%	2.32%
30-year	3.12%	+0.02%	3.18%	2.97%	2.37%

US yield curve

	4-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-	0.02%	0.04%	0.10%
6-mnth	0.04%	-0.01%	0.05%	0.07%	0.14%
12-mnth	0.10%	+0.01%	0.13%	0.14%	0.16%
2-year	0.33%	+0.02%	0.47%	0.39%	0.24%
5-year	1.41%	+0.05%	1.74%	1.61%	0.63%
10-year	2.64%	+0.04%	2.90%	2.74%	1.67%
30-year	3.72%	+0.01%	3.80%	3.71%	2.89%

	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	4-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.029	-0.004	1.051	1.052	0.982
EURUSD	\$1.356	-0.006	1.312	1.291	1.288
USDJPY	¥97.48	+0.210	100.11	100.04	78.18
GBPUSD	\$1.601	-0.015	1.559	1.507	1.601
AUDUSD	\$0.944	+0.004	0.912	0.915	1.023

Spot	4-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥94.68	+0.557	95.29	95.12	79.64
CADAUD	\$1.030	-0.001	1.044	1.040	0.995
GBP CAD	£1.648	-0.021	1.638	1.585	1.572
EURJPY	¥132.14	-0.320	131.34	129.18	100.66
EURAUD	\$1.44	-0.013	1.44	1.41	1.26

Economic Releases

United States

		Period	Survey	Actual	Prior
Thu, Oct 10	Continuing Claims	28-Sep	2862.5K	--	2925K
Thu, Oct 10	Initial Jobless Claims	5-Oct	310K	--	308K
Fri, Oct 11	Advance Retail Sales	30-Sep	0%	--	0.2%
Fri, Oct 11	Factory Orders	31-Aug	0.3%	--	-2.4%
Fri, Oct 11	Nonfarm Payroll	30-Sep	180K	--	169K
Fri, Oct 11	Unemployment Rate	30-Sep	7.3%	--	7.4%
Fri, Oct 11	Producer Price Index (MoM)	30-Sep	0.2%	--	0.3%

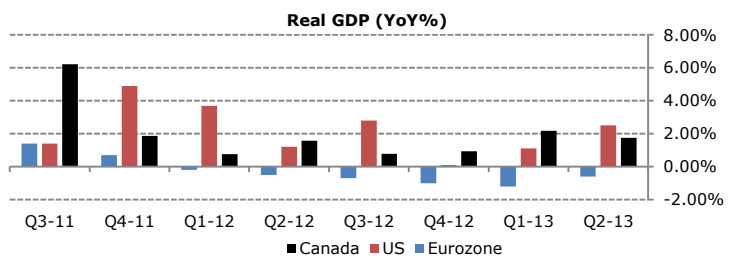
Canada

		Period	Survey	Actual	Prior
Mon, Oct 07	Building Permits (MoM)	30-Sep	-7.4%	-21.2%	20.7%
Tue, Oct 08	Housing Starts	30-Sep	185K	--	180.3K
Fri, Oct 11	Net Change in Employment	30-Sep	10K	--	59.2K
Fri, Oct 11	Unemployment	30-Sep	7.1%	--	7.1%



Economics

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



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