

Today's Commentary

It was a quiet day in the equities market. TSX closed at 13,358.39 (-0.15%) while the S&P 500 and Dow posted modest gains closing at 1,771.89 (+0.07%) and 15,783.10 (+0.14%). US 10 year treasuries are yielding 2.77% (+2bp) and Canadian 10 years are at 2.64% (+3bps). Gold is trading at 1,282.30 USD/t oz. (-0.04) after falling nearly \$70 so far this month. Gold will likely remain under pressure ahead of Fed's nominee chairperson Janet Yellen's Senate confirmation hearing on Thursday. The markets will be waiting to see if recent developments in the US economy will change her views on asset purchases by the Fed. GBP declined to its 2 months low as inflation slowed in October to 2.2%.

With ultra-low interest rates a staple in monetary recent monetary policy, the shadow banking sector has seen tremendous growth worldwide, increasing assets by roughly 60%. Shadow banking includes business development companies, specialist finance companies, real estate investment trusts (REITs), hedge funds, and other non-bank financial institutions or legal entities. Regulators are particularly concerned the investments made by such entities may collapse if interest rates rise or if the Fed begins to taper asset purchases. For example, REITs, which essentially borrow short term capital to make longer-term tax-favourable investments in mortgage-like areas, have doubled in size since 2008 and are of particular concern if these short term borrowing costs rise. Mark Carney, the BoE governor has begun to discuss the issue and even proposed extending BoE liquidity facilities to non-banks, to allow for a smooth transition should economic conditions change, and automatic regulation requirements.

BNY Mellon released a report predicting the US dollar to reverse the recent gains versus the yen and euro as the Fed pares its bond-buying program at a slower pace than the market expected. The greenback has gained major ground against euro as the ECB surprisingly cut the key lending rates in Europe, trading around \$1.339. However, BNY Mellon suggested that for the US to deal with its fiscal problems over the next two to three years requires the Fed to conduct easy monetary policy. In the short term, the Fed is likely to remain on the more accommodative side than people have expected. According to the Bloomberg analyst forecasts, the dollar will strengthen to \$1.28 per euro and 110 yen by the end of 2014. It is yet to be determined if the increase in value in the greenback will hurt the US economy's recovery effort.

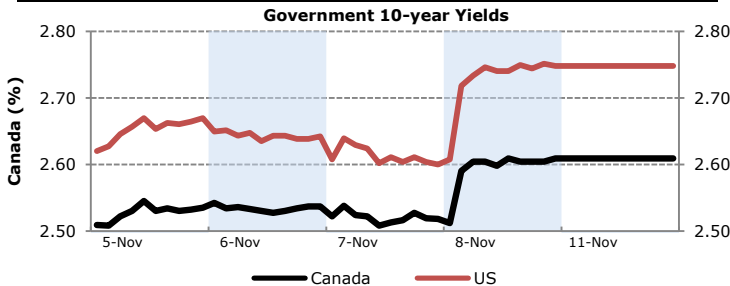
The Daily Roll is written by MFE Candidates Luke Ostapiak, Wendy Ren and Tony Wu in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

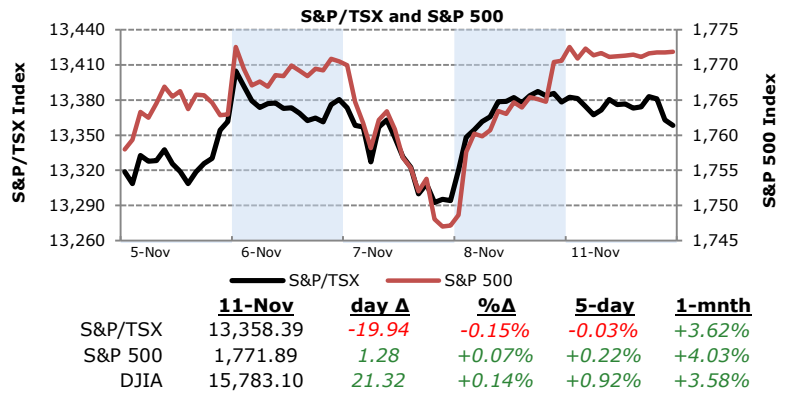
| United States | Period | Survey | Actual | Prior |
|----------------|--------|--------|--------|-------|
| None Scheduled | | | | |

| Canada | Period | Survey | Actual | Prior |
|----------------|--------|--------|--------|-------|
| None Scheduled | | | | |

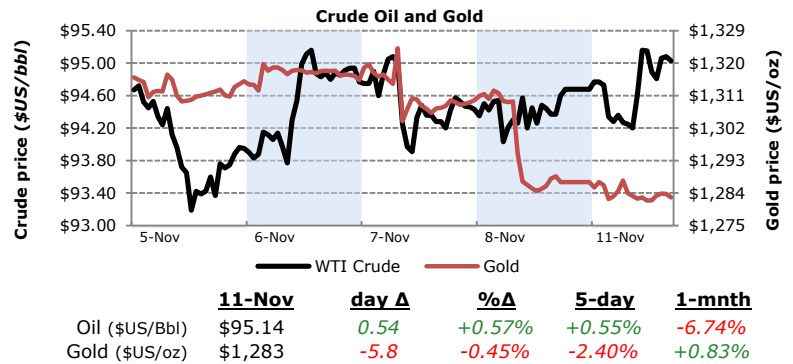
Interest Rates



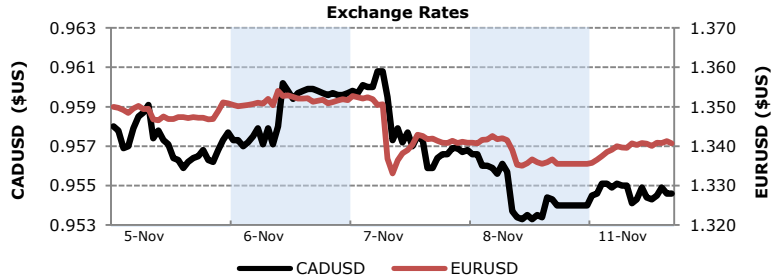
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

| Spot | 11-Nov | day Δ | Historical levels | | |
|--------|---------|--------|-------------------|---------|---------|
| | | | -5 days | -1 mnth | -1 year |
| USDCAD | \$1.048 | -0.000 | 1.043 | 1.040 | 1.004 |
| EURUSD | \$1.341 | +0.004 | 1.351 | 1.352 | 1.274 |
| USDJPY | ¥99.16 | +0.110 | 98.600 | 98.16 | 80.25 |

| | Government 10-year Yields | | Historical levels | | |
|---------------|---------------------------|--------|-------------------|----------|---------|
| | 11-Nov | day Δ | -1 mnth | -3 mnths | -1 year |
| Canada | 2.61% | 0.000% | 2.60% | 2.63% | 1.72% |
| United States | 2.75% | 0.000% | 2.69% | 2.72% | 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.

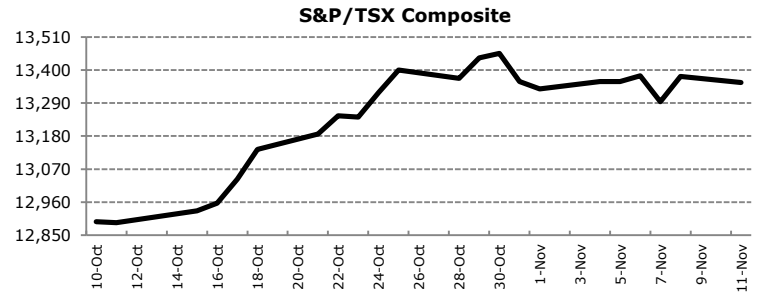
<http://www.rotman.utoronto.ca/financeassociation>

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| | 11-Nov | day Δ | %Δ |
|-----------------------------|---------------|--------------|-----------|
| S&P/TSX | 13,358.39 | -19.94 | -0.15% |
| Trailing S&P/TSX | | | |
| 5-day | | -0.03% | +0.21% |
| 1-month | | +3.62% | +3.79% |
| 3-months | | +6.51% | +7.23% |
| 6-months | | +6.11% | +6.71% |
| 12-months | | +9.52% | +10.27% |



TSX Sector Returns

| | 1-day | 5-day | 1-mnth | 12-mnths |
|------------------|--------------|--------------|---------------|-----------------|
| C. Discretionary | -0.20% | -0.48% | +3.11% | +43.00% |
| C. Staples | -0.67% | -1.00% | +1.76% | +32.08% |
| Energy | -0.42% | -0.88% | -0.90% | +6.08% |
| Financials | -0.04% | +1.30% | +5.79% | +25.84% |
| Healthcare | -0.12% | -2.04% | -1.47% | +36.14% |
| Info Tech | +0.73% | +4.97% | -0.12% | +38.14% |
| Industrials | +0.25% | +0.87% | +7.50% | +37.84% |
| Materials | +0.17% | -0.94% | +5.85% | -32.29% |
| Metals & Mining | -0.34% | -1.72% | +4.89% | -15.47% |
| Telecom | -0.62% | -0.02% | +2.83% | +5.56% |
| Utilities | -0.46% | -2.93% | +0.91% | -6.54% |

TSX Top Performers

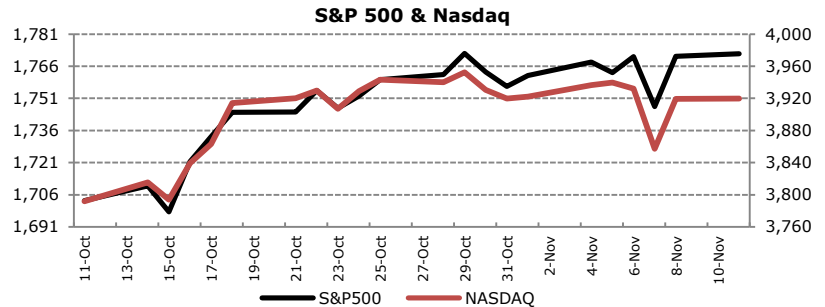
| <i>Ranked by 1-day</i> | 1-day | 5-day | 1-mnth | 12-mnths |
|---------------------------|--------------|--------------|---------------|-----------------|
| Air Canada-Class B | +10.18% | +11.68% | +33.06% | +238.46% |
| Ccl Industries Inc - CI B | +9.05% | +10.17% | +14.44% | +108.48% |
| Novagold Resources Inc | +7.21% | +2.59% | +11.21% | -49.04% |
| Igm Financial Inc | +5.53% | +8.83% | +11.24% | +37.82% |
| Osisko Mining Corp | +3.94% | -1.66% | -4.81% | -51.63% |

TSX Worst Performers

| <i>Ranked by 1-day</i> | 1-day | 5-day | 1-mnth | 12-mnths |
|---------------------------|--------------|--------------|---------------|-----------------|
| Detour Gold Corp | -7.09% | -27.52% | -20.59% | -79.19% |
| Hudbay Minerals Inc | -3.33% | -5.35% | +4.09% | -15.30% |
| Pretium Resources Inc | -2.84% | -0.29% | -30.63% | -74.17% |
| Dorel Industries-CI B | -2.60% | -4.95% | -1.78% | -2.45% |
| Macdonald Dettwiler & Ass | -2.53% | -6.10% | -1.12% | +41.75% |

US Indices

| <i>Trailing</i> | S&P 500 | DJIA | Nasdaq |
|-----------------|--------------------|-------------|---------------|
| 11-Nov | 1,771.89 | 15,783.10 | 3,919.79 |
| 1-day | +0.07% | +0.14% | +0.01% |
| 5-day | +0.22% | +0.92% | -0.43% |
| 1-month | +4.03% | +3.58% | +3.37% |
| 3-months | +4.76% | +2.32% | +7.09% |
| 6-months | +8.46% | +4.40% | +14.06% |
| 12-months | +28.41% | +23.16% | +34.94% |



S&P 500 Sector Returns

| | 1-day | 5-day | 1-mnth | 12-mnths |
|------------------|--------------|--------------|---------------|-----------------|
| C. Discretionary | +0.16% | -0.60% | +4.34% | +39.75% |
| C. Staples | -0.14% | +0.11% | +4.88% | +22.79% |
| Energy | +0.16% | -0.11% | +3.45% | +21.95% |
| Financials | +0.10% | +1.08% | +2.58% | +34.67% |
| Healthcare | +0.20% | +0.18% | +3.97% | +35.99% |
| Info Tech | +0.11% | +0.71% | +4.65% | +21.80% |
| Industrials | -0.03% | +0.46% | +5.59% | +35.62% |
| Materials | -0.04% | +0.70% | +3.80% | +23.99% |
| Telecom | -0.32% | -3.12% | +3.46% | +8.33% |
| Utilities | +0.02% | -0.62% | +1.93% | +12.52% |

DJIA Top Performers

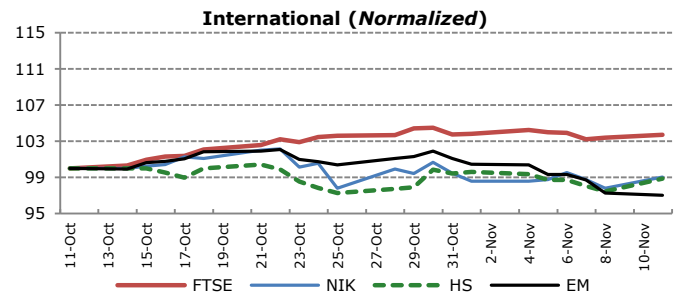
| <i>Ranked by 1-day</i> | 1-day | 5-day | 1-mnth | 12-mnths |
|---------------------------|--------------|--------------|---------------|-----------------|
| Intl Business Machines Co | +1.61% | +1.45% | -1.76% | -3.56% |
| Wal-Mart Stores Inc | +1.35% | +2.17% | +5.60% | +9.27% |
| Visa Inc-Class A Shares | +0.49% | +1.45% | +3.68% | +39.42% |

DJIA Worst Performers

| <i>Ranked by 1-day</i> | 1-day | 5-day | 1-mnth | 12-mnths |
|------------------------|--------------|--------------|---------------|-----------------|
| Boeing Co/The | -0.72% | -0.20% | +12.33% | +80.93% |
| Microsoft Corp | -0.48% | +4.62% | +10.26% | +30.42% |
| American Express Co | -0.46% | -0.65% | +7.96% | +45.80% |

International Markets

| <i>Trailing</i> | FTSE 100 | Nikkei | Hang Seng | MSCI EM |
|-----------------|-----------------|---------------|------------------|----------------|
| Last Close | 6,728.37 | 14,269.84 | 23,069.85 | 992.99 |
| 1-day | +0.30% | +1.30% | +1.43% | -0.23% |
| 5-day | -0.52% | +0.48% | -0.52% | -3.32% |
| 1-month | +3.72% | -0.94% | -0.64% | -2.95% |
| 3-months | +2.20% | +4.81% | +5.79% | +4.37% |
| 6-months | +1.56% | -2.31% | -1.08% | -5.50% |
| 12-months | +16.62% | +62.94% | +7.88% | +0.20% |



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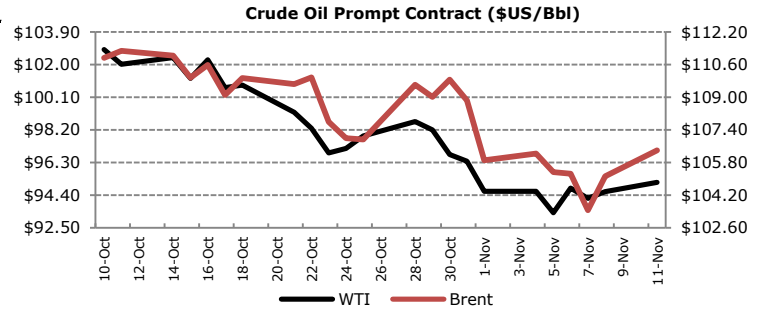
Nymex WTI Crude Oil

| (\$US/Bbl) | 11-Nov | day Δ | %Δ | 5-day | 1-mnth |
|------------|---------|---------|--------|--------|--------|
| Prompt | \$95.14 | +\$0.54 | +0.57% | +0.57% | -6.74% |
| Cal 14 | \$93.95 | +\$0.52 | +0.55% | +0.62% | -2.50% |
| Cal 15 | \$88.49 | +\$0.36 | +0.41% | +0.53% | -0.70% |

| (\$US/bbl) | Q1-14 | Q2-14 | Q3-14 | Q4-14 | 2015 |
|--------------------|----------|---------|---------|---------|---------|
| Consensus Forecast | \$100.50 | \$97.75 | \$98.00 | \$96.00 | \$99.63 |
| Current Forward | \$95.56 | \$94.98 | \$93.44 | \$91.83 | \$88.49 |

Inventory Levels (as of Nov-01)

| (MMbbls) | Current | Week Δ | Last Yr | 5 Yr. Avg |
|-------------|---------|--------|---------|-----------|
| Crude Oil | 385,448 | +1,577 | 337,426 | 319,411 |
| Motor Gas | 210,036 | -3,755 | 214,389 | 200,481 |
| Distillates | 117,817 | -4,899 | 171,756 | 140,851 |



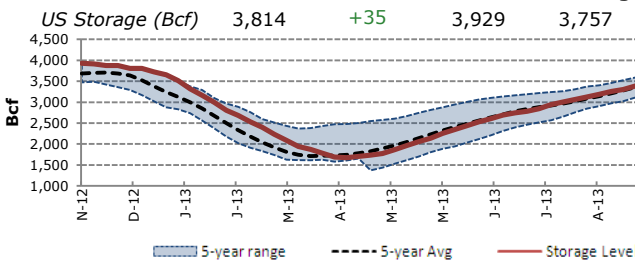
UK Brent Crude Oil

| (\$US/Bbl) | 11-Nov | day Δ | %Δ | 5-day | 1-mnth |
|------------|----------|---------|--------|--------|--------|
| Prompt | \$106.40 | +\$1.28 | +1.20% | +0.16% | -4.39% |

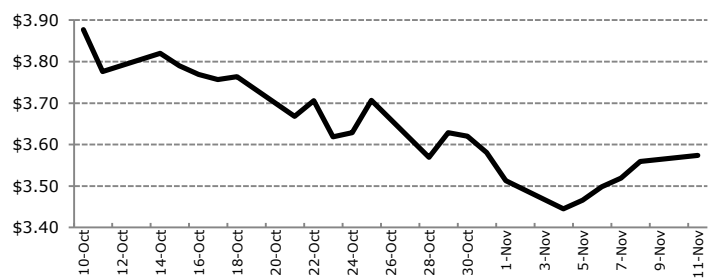
Nymex Natural Gas

| (\$US/MMbtu) | 11-Nov | day Δ | %Δ | 5-day | 1-mnth |
|--------------|--------|---------|--------|--------|--------|
| Prompt | \$3.57 | +\$0.01 | +0.42% | +3.74% | -5.35% |
| Dec13-Mar14 | \$3.61 | +\$0.01 | +0.24% | +2.94% | -4.80% |
| Apr14-Oct14 | \$3.69 | +\$0.01 | +0.30% | +2.62% | -3.63% |
| Nov14-Mar15 | \$3.94 | +\$0.00 | +0.09% | +2.42% | -4.04% |
| Apr15-Oct15 | \$3.86 | +\$0.00 | +0.13% | +2.35% | -2.78% |

Inventory Levels (as of Nov-01)



Nat Gas Prompt (\$US/MMbtu)

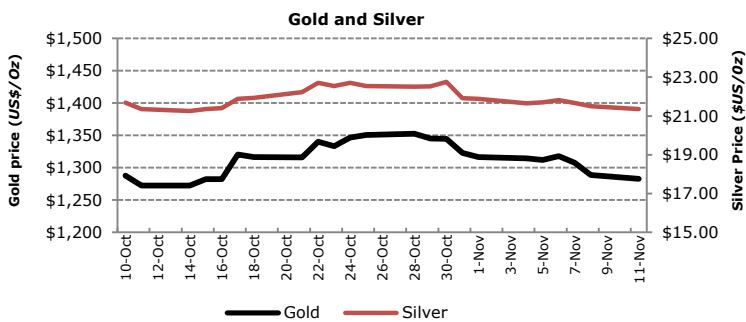


Alberta Natural Gas

| (\$CAD/GJ) | 11-Nov | day Δ | %Δ |
|-------------|--------|---------|-------|
| AECO Dec-13 | \$3.19 | -\$0.01 | -0.2% |

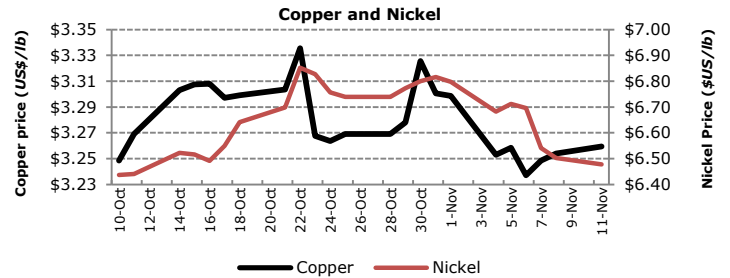
Precious Metals

| \$US/oz | 11-Nov | day Δ | %Δ | 5-day | 1-mnth | 3-mnth |
|----------|------------|----------|-------|-------|--------|--------|
| Gold | \$1,282.80 | -\$5.80 | -0.5% | -2.4% | +0.8% | -6.8% |
| Silver | \$21.36 | -\$0.15 | -0.7% | -1.3% | +0.0% | -8.1% |
| Platinum | \$1,431 | -\$14.40 | -1.0% | -1.5% | +4.4% | -6.2% |



Industrial Metals

| \$US/lb | 11-Nov | day Δ | %Δ | 5-day | 1-mnth | 3-mnth |
|----------|---------|---------|-------|-------|--------|--------|
| Copper | \$3.26 | +\$0.01 | +0.2% | +0.2% | -0.3% | -3.1% |
| Nickel | \$6.48 | -\$0.02 | -0.4% | -3.1% | +0.6% | -5.8% |
| Zinc | \$0.93 | +\$0.00 | +0.0% | -1.7% | -0.4% | -5.0% |
| Aluminum | \$0.80 | +\$0.00 | 0.0% | -1.2% | -3.6% | -5.9% |
| Uranium | \$35.25 | +\$0.10 | +0.3% | +1.7% | +0.7% | +0.3% |



Agriculture & Other

| | 11-Nov | day Δ | %Δ | 5-day | 1-mnth |
|-----------------------|----------|---------|-------|-------|--------|
| Corn (\$US/bu) | \$4.35 | +\$0.08 | +1.9% | +2.0% | +0.3% |
| Wheat (\$US/bu) | \$6.46 | -\$0.03 | -0.5% | -2.5% | -6.6% |
| Soybeans (\$US/bu) | \$13.01 | +\$0.05 | +0.4% | +3.5% | +2.7% |
| Rough Rice (\$US/cwt) | \$15.63 | -\$0.06 | -0.4% | +3.2% | +1.9% |
| Sugar #11 (¢US/lb) | ¢17.97 | ¢-0.11 | -0.6% | -1.9% | -5.1% |
| Lean Hogs (¢US/lb) | ¢88.05 | ¢-0.08 | -0.1% | -0.3% | +1.8% |
| Live Cattle (¢US/lb) | ¢134.38 | ¢+0.43 | +0.3% | +0.5% | +0.2% |
| Cotton No.2 (\$US/lb) | \$0.78 | -\$0.00 | -0.6% | -0.0% | -7.1% |
| Lumber (\$US/Mbft) | \$374.80 | +\$0.10 | +0.0% | +0.5% | +7.3% |

Commodity ETFs

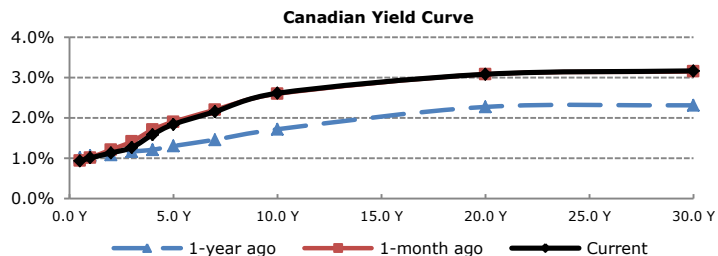
| | 11-Nov | day Δ | %Δ | 5-day | 1-mnth |
|------------------|---------|---------|-------|--------|--------|
| \$CAD | | | | | |
| HBP Crude Oil U | \$4.42 | +\$0.07 | +1.6% | +1.4% | -14.8% |
| HBP Nat Gas U | \$9.30 | +\$0.02 | +0.2% | +7.0% | -16.1% |
| iShares Gold ETF | \$11.40 | -\$0.05 | -0.4% | -2.6% | -0.1% |
| \$USD | | | | | |
| US Crude Oil | \$34.26 | +\$0.25 | +0.7% | 0.65% | -6.8% |
| US Nat Gas | \$17.70 | +\$0.03 | +0.2% | 3.57% | -8.9% |
| PSDB Agriculture | \$24.84 | -\$0.04 | -0.2% | -0.24% | -3.0% |
| PSDB Base Metals | \$16.36 | -\$0.06 | -0.4% | -0.85% | -2.0% |

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Interest Rates

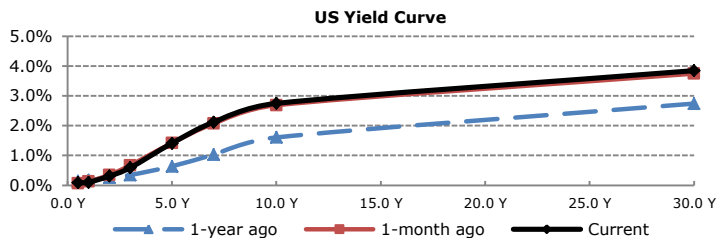
Canadian yield curve

| | 11-Nov | day Δ | <i>Historical Levels</i> | | |
|---------|---------------|--------------|--------------------------|-----------------|----------------|
| | | | -1 mnth | -3 mnths | -1 year |
| 3-mnth | 0.90% | - | 0.91% | 0.99% | 0.98% |
| 6-mnth | 0.93% | - | 0.94% | 1.04% | 1.02% |
| 12-mnth | 1.01% | - | 1.01% | 1.13% | 1.07% |
| 2-year | 1.13% | - | 1.21% | 1.20% | 1.08% |
| 5-year | 1.84% | - | 1.90% | 1.89% | 1.30% |
| 10-year | 2.61% | - | 2.60% | 2.63% | 1.72% |
| 20-year | 3.08% | - | 3.08% | 3.04% | 2.27% |
| 30-year | 3.16% | - | 3.15% | 3.10% | 2.31% |

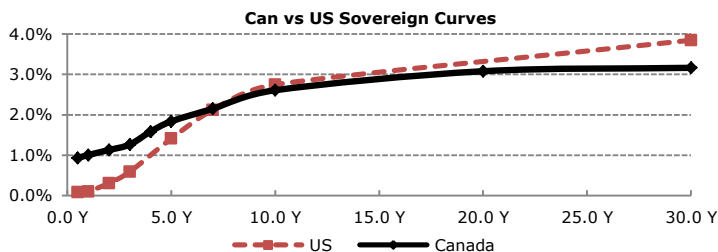
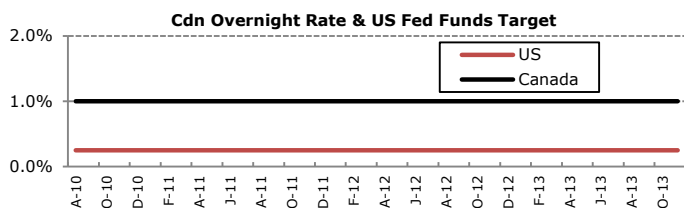


US yield curve

| | 11-Nov | day Δ | <i>Historical Levels</i> | | |
|---------|---------------|--------------|--------------------------|-----------------|----------------|
| | | | -1 mnth | -3 mnths | -1 year |
| 3-mnth | 0.05% | - | 0.06% | 0.05% | 0.09% |
| 6-mnth | 0.09% | - | 0.07% | 0.07% | 0.14% |
| 12-mnth | 0.10% | - | 0.13% | 0.11% | 0.17% |
| 2-year | 0.31% | - | 0.35% | 0.33% | 0.26% |
| 5-year | 1.41% | - | 1.42% | 1.48% | 0.64% |
| 10-year | 2.75% | - | 2.69% | 2.72% | 1.61% |
| 30-year | 3.85% | - | 3.75% | 3.76% | 2.74% |



| | Current | Prior | Next Meeting | Survey |
|---------------|----------------|--------------|---------------------|---------------|
| Cdn Overnight | 1.00% | 1.00% | 4-Dec-13 | 1.00% |
| US Fed Funds | 0.25% | 0.25% | 18-Dec-13 | 0.25% |



Foreign Exchange

(USDCAD implies 1-USD to CAD)

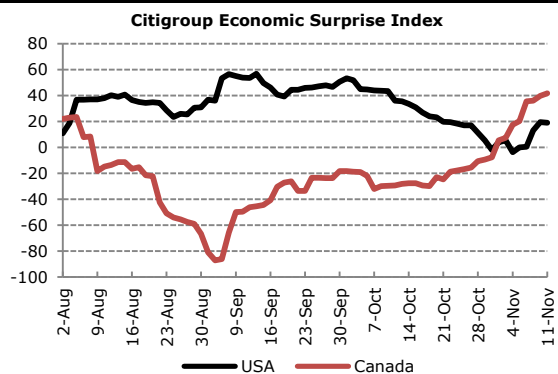
| | Spot | 11-Nov | day Δ | <i>Historical Levels</i> | | |
|--------|-------------|---------------|--------------|--------------------------|-----------------|----------------|
| | | | | -1 mnth | -3 mnths | -1 year |
| USDCAD | \$1.048 | -0.000 | | 1.040 | 1.029 | 1.004 |
| EURUSD | \$1.341 | +0.004 | | 1.352 | 1.334 | 1.274 |
| USDJPY | ¥99.16 | +0.110 | | 98.16 | 96.21 | 80.25 |
| GBPUSD | \$1.599 | -0.003 | | 1.597 | 1.550 | 1.584 |
| AUDUSD | \$0.936 | -0.003 | | 0.945 | 0.921 | 1.038 |

| | Spot | 11-Nov | day Δ | <i>Historical Levels</i> | | |
|--------|-------------|---------------|--------------|--------------------------|-----------------|----------------|
| | | | | -1 mnth | -3 mnths | -1 year |
| CADJPY | ¥94.66 | +0.125 | | 94.39 | 93.52 | 79.94 |
| CADAUD | \$1.020 | +0.003 | | 1.017 | 1.057 | 0.960 |
| GBPCAD | £1.675 | -0.003 | | 1.661 | 1.595 | 1.590 |
| EURJPY | ¥132.94 | +0.520 | | 132.71 | 128.39 | 102.20 |
| EURAUD | \$1.43 | +0.008 | | 1.43 | 1.45 | 1.23 |

Economic Releases

United States

| | | Period | Survey | Actual | Prior |
|-------------|------------------------|---------------|---------------|---------------|--------------|
| Thu, Nov 14 | Continuing Claims | 2-Nov | 2870K | -- | 2868K |
| Thu, Nov 14 | Initial Jobless Claims | 9-Nov | 330K | -- | 336K |
| Thu, Nov 14 | Trade Balance | 30-Sep | -39B | -- | -38.8B |
| Fri, Nov 15 | Industrial Production | 31-Oct | 0.2K | -- | 0.6K |

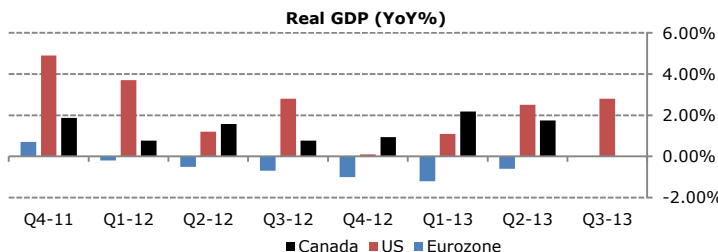


Canada

| | | Period | Survey | Actual | Prior |
|-------------|---------------------------|---------------|---------------|---------------|--------------|
| Fri, Nov 15 | Manufacturing Sales (MoM) | 30-Sep | 0.45% | -- | -0.2% |

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% | 2.80% | 1.60% |
| CPI | 1.90% | 1.70% | 1.43% | 1.57% | 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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