

## Today's Commentary

This morning's US non-farm payroll report surprised the market on the upside, posting a 204K increase (expected 121K), as businesses weathered the government shutdown and the unemployment rate remained at 7.3%. After the news, the yield curve rose across the board with 10 year benchmark yields leading the way, jumping 13bps. The S&P 500 December contract fell 0.5%, signalling the market is pricing an increasing possibility of Fed QE tapering in December this year. The Core PCE Price Index increased by 0.1% m/m, in line with consensus. North of the border, the Canadian Housing Starts rose by 198.3K, higher than economists' estimates of 190.8K. The net change in Canadian employment increased by 13,200, higher than the 11,000 net change expected by economists, although the unemployment rate remained at 6.9% as expected.

Both China and Germany saw unexpected jumps in their trade surplus numbers. Chinese exports rose by 5.6% vs. estimates of 1.7% and import rose 7.6% vs. estimates of 7.4%, resulting in a much wider trade surplus of \$31.1 billion, the biggest this year. These numbers suggest improvements in global demand momentum. Chinese exports currently support 30 million jobs. Germany also saw record high trade surpluses as exports to all trading partners rose while imports fell. The seasonally adjusted trade surplus widened 19% on the month to 18.8 billion euros in September. Exports increased to 1.7% while imports fell by 1.9%. International criticism has mounted - especially from Washington - that Europe's reliance on exports is hampering Europe's economic stability and hurting the global economy.

Standard & Poor's downgraded France's sovereign credit rating to AA (from AAA). The move comes from a negative outlook as the government continues to spend, while failing to stimulate growth. France's unemployment rate has been on the rise since 2009, while some other prominent European nations, such as Germany, have seen it drop. Also, France's manufacturing sector has not expanded since 2011, according to Markit, signalling continued distress in the economy. The government is under scrutiny largely due to France's tax system, as they have some of the highest taxes of the developed world. Additionally, instead of lowering taxes to promote spending and growth, they are raising them to finance a growing fiscal deficit, which many say is a mistake.

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](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

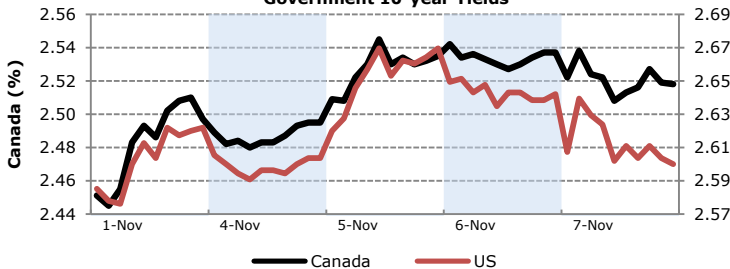
## Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Personal Income	31-Oct	0.3%	--	0.4%
Nonfarm Payroll	31-Oct	120K	148K	169K

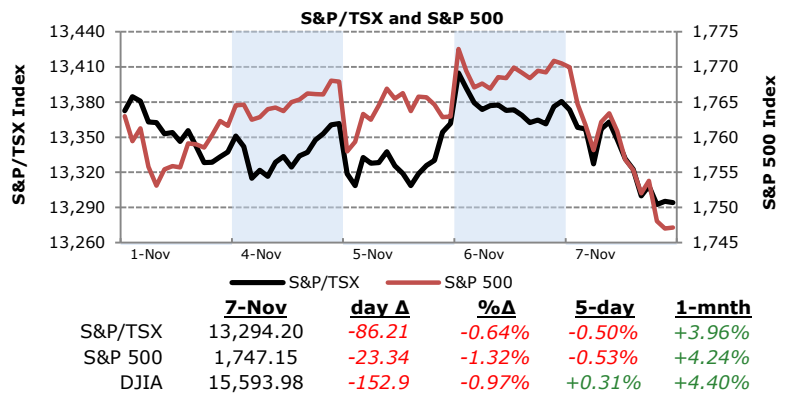
Canada	Period	Survey	Actual	Prior
Net Change in Employment	30-Nov	11K	11.9K	59.2K
Unemployment	31-Oct	7%	6.9%	7.1%
Housing Starts	31-Oct	190.75K	198.282K	93.637K

## Interest Rates

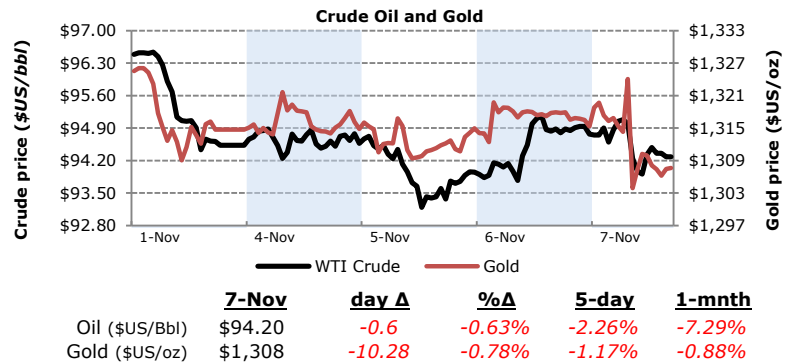
### Government 10-year Yields



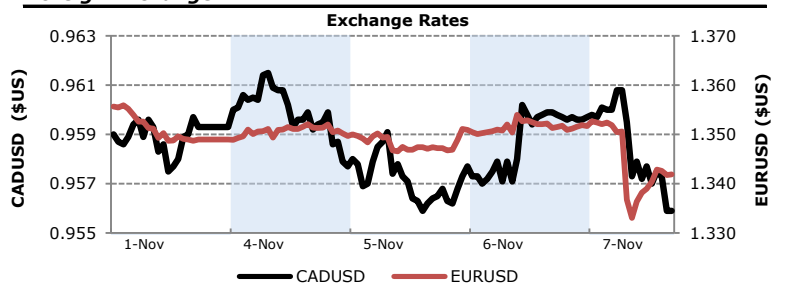
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	7-Nov	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.046	+0.004	1.043	1.037	1.000
EURUSD	\$1.342	-0.009	1.358	1.357	1.271
USDJPY	¥98.09	-0.570	98.360	96.88	79.50

	Government 10-year Yields		Historical levels		
	7-Nov	day Δ	-1 mnth	-3 mnths	-1 year
Canada	2.52%	-0.018%	2.56%	2.48%	1.75%
United States	2.60%	-0.042%	2.63%	2.58%	1.65%

## 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>

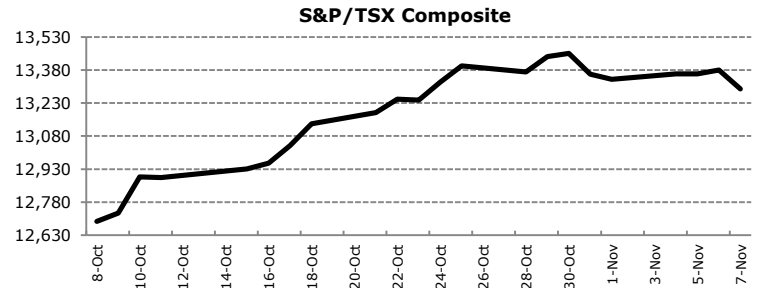
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	<b>7-Nov</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	13,294.20	-86.21	-0.64%

	<b>Trailing S&amp;P/TSX</b>	<b>TSX 60</b>
5-day	-0.50%	-0.26%
1-month	+3.96%	+4.31%
3-months	+7.10%	+7.71%
6-months	+6.66%	+7.25%
12-months	+8.70%	+9.45%



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.63%	+0.11%	+4.45%	+42.20%
C. Staples	-0.69%	-0.07%	+4.04%	+32.44%
Energy	-1.32%	-3.03%	-0.24%	+4.14%
Financials	+0.04%	+0.51%	+6.82%	+24.70%
Healthcare	-1.07%	-0.36%	-0.81%	+28.02%
Info Tech	-0.12%	+0.34%	-0.34%	+35.79%
Industrials	-0.24%	+1.21%	+8.29%	+35.47%
Materials	-1.85%	-1.96%	+0.29%	-32.91%
Metals & Mining	-2.35%	-1.24%	+5.42%	-16.21%
Telecom	+0.26%	-0.03%	+3.94%	+6.24%
Utilities	-0.97%	-0.93%	+4.53%	-5.72%

**TSX Top Performers**

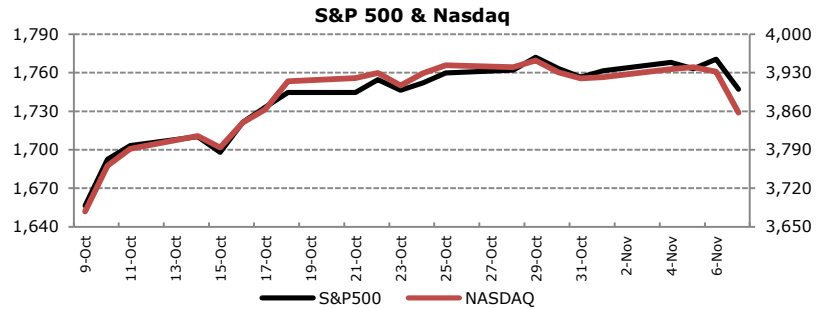
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Air Canada-Class B	+3.14%	-2.44%	+19.96%	+195.77%
Arc Resources Ltd	+2.78%	+6.68%	+12.54%	+24.55%
Manulife Financial Corp	+2.73%	+4.06%	+12.40%	+60.17%
Canadian Western Bank	+2.58%	+1.23%	+9.44%	+18.03%
Sun Life Financial Inc	+2.37%	+3.27%	+10.61%	+48.83%

**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>
Torex Gold Resources Inc	-10.68%	-20.69%	-28.68%	-56.19%
Penn West Petroleum Ltd	-8.52%	-23.45%	-21.84%	-16.34%
Trinidad Drilling Ltd	-7.59%	-10.79%	-12.10%	+37.56%
Pacific Rubiales Energy C	-6.85%	-7.37%	-2.06%	-11.44%
Aurico Gold Inc	-6.59%	-1.85%	+5.72%	-47.14%

**US Indices**

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
7-Nov	1,747.15	15,593.98	3,857.33
1-day	-1.32%	-0.97%	-1.90%
5-day	-0.53%	+0.31%	-1.59%
1-month	+4.24%	+4.40%	+2.31%
3-months	+3.33%	+0.80%	+5.56%
6-months	+7.45%	+3.57%	+13.56%
12-months	+25.29%	+20.58%	+31.32%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-2.07%	-1.71%	+3.58%	+34.63%
C. Staples	-1.41%	+0.40%	+6.99%	+21.33%
Energy	-1.49%	-0.68%	+3.26%	+18.09%
Financials	-1.14%	-0.93%	+2.71%	+30.72%
Healthcare	-0.89%	-0.75%	+3.30%	+32.61%
Info Tech	-1.23%	+0.01%	+4.71%	+19.33%
Industrials	-1.12%	+0.20%	+6.14%	+32.74%
Materials	-1.30%	-0.89%	+3.11%	+19.92%
Telecom	-1.78%	-2.10%	+4.40%	+8.03%
Utilities	-0.97%	+0.53%	+5.23%	+11.79%

**DJIA Top Performers**

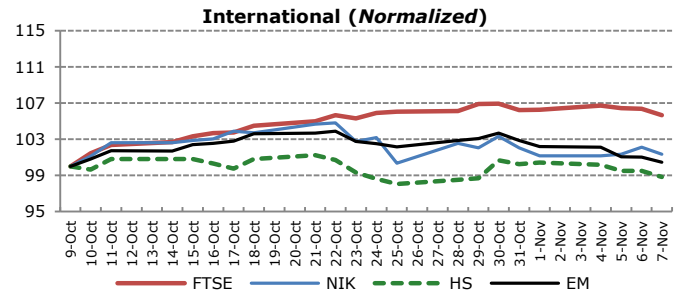
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Intl Business Machines Co	+0.45%	+0.44%	-1.10%	-5.84%
Du Pont (E.I.) De Nemours	+0.13%	-0.57%	+4.72%	+38.83%
Pfizer Inc	-0.19%	+0.75%	+8.00%	+27.89%

**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>
Walt Disney Co/The	-2.68%	-2.10%	+3.96%	+34.09%
Goldman Sachs Group Inc	-2.37%	-0.76%	+3.49%	+35.31%
At&T Inc	-1.98%	-3.01%	+3.26%	+4.40%

**International Markets**

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	6,697.22	14,228.44	22,881.03	1,010.19
1-day	-0.66%	-0.76%	-0.68%	-0.59%
5-day	-0.51%	-1.89%	-1.40%	-2.34%
1-month	+4.04%	+2.71%	-0.40%	+0.55%
3-months	+2.86%	+2.92%	+5.99%	+7.71%
6-months	+2.13%	+0.34%	-0.72%	-4.02%
12-months	+15.64%	+58.57%	+3.53%	+0.27%



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### Nymex WTI Crude Oil

(\$US/Bbl)	7-Nov	day Δ	%Δ	5-day	1-mnth
Prompt	\$94.20	-\$0.60	-0.63%	-2.26%	-7.29%
Cal 14	\$93.08	-\$0.46	-0.49%	-1.60%	-3.96%
Cal 15	\$88.11	-\$0.09	-0.10%	-0.68%	-1.58%

(\$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	\$94.61	\$94.02	\$92.57	\$91.10	\$88.11

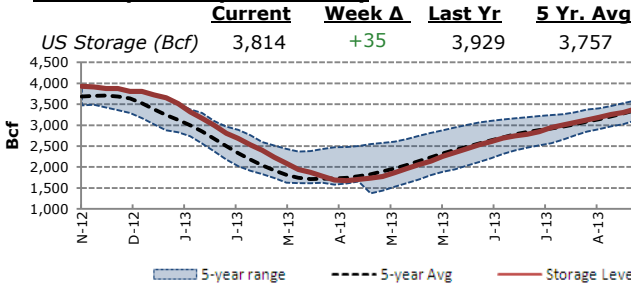
### Inventory Levels (as of Nov-01)

(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

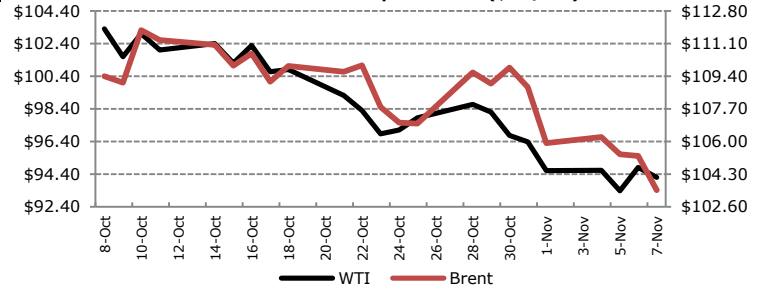
### Nymex Natural Gas

(\$US/MMbtu)	7-Nov	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.52	+\$0.02	+0.60%	-1.73%	-4.35%
Dec13-Mar14	\$3.56	+\$0.01	+0.20%	-2.17%	-6.69%
Apr14-Oct14	\$3.64	-\$0.00	-0.04%	-1.93%	-5.74%
Nov14-Mar15	\$3.90	+\$0.00	+0.05%	-1.81%	-5.83%
Apr15-Oct15	\$3.83	+\$0.00	+0.07%	-1.12%	-4.38%

### Inventory Levels (as of Nov-01)



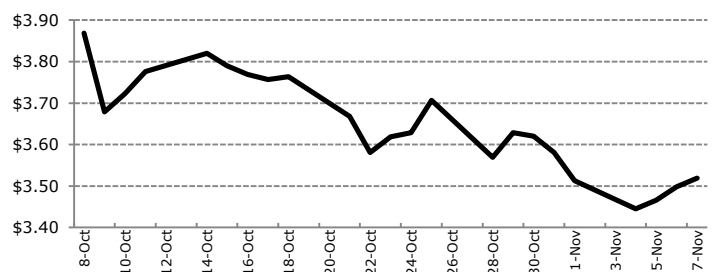
### Crude Oil Prompt Contract (\$US/Bbl)



### UK Brent Crude Oil

(\$US/Bbl)	7-Nov	day Δ	%Δ	5-day	1-mnth
Prompt	\$103.46	-\$1.78	-1.72%	-4.94%	-5.13%

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



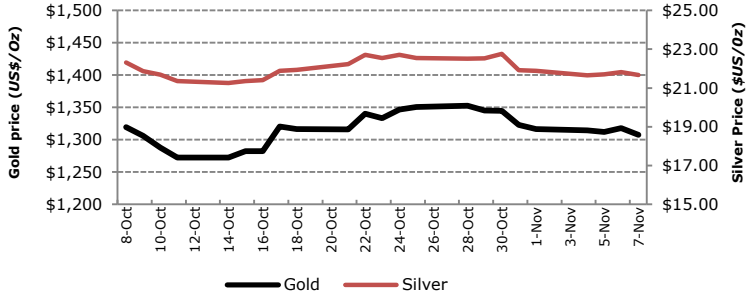
### Alberta Natural Gas

(\$CAD/GJ)	7-Nov	day Δ	%Δ
AECO Dec-13	\$3.18	+\$0.01	+0.3%

### Precious Metals

\$US/oz	7-Nov	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,307.65	-\$10.28	-0.8%	-1.2%	-0.9%	-2.1%
Silver	\$21.66	-\$0.15	-0.7%	-1.2%	-2.9%	-1.0%
Platinum	\$1,453	-\$13.30	-0.9%	+0.3%	+3.7%	-3.4%

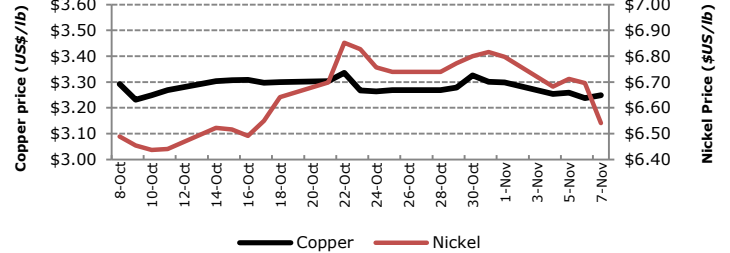
### Gold and Silver



### Industrial Metals

\$US/lb	7-Nov	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.25	+\$0.01	+0.4%	-1.6%	-1.3%	-2.7%
Nickel	\$6.54	-\$0.15	-2.3%	-4.0%	+0.8%	-5.1%
Zinc	\$0.93	-\$0.01	-1.3%	-3.3%	+0.9%	-2.7%
Aluminum	\$0.81	+\$0.00	0.0%	-3.6%	-2.4%	-2.4%
Uranium	\$34.90	+\$0.00	0.0%	+1.6%	-0.3%	-2.2%

### Copper and Nickel



### Agriculture & Other

	7-Nov	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$4.21	-\$0.01	-0.2%	-1.8%	-5.2%
Wheat (\$US/bu)	\$6.53	-\$0.00	-0.0%	-2.2%	-5.4%
Soybeans (\$US/bu)	\$12.67	+\$0.11	+0.9%	+0.0%	-1.4%
Rough Rice (\$US/cwt)	\$15.51	+\$0.13	+0.8%	+2.6%	+1.1%
Sugar #11 (¢US/lb)	¢18.04	¢0.06	+0.3%	-1.5%	-3.0%
Lean Hogs (¢US/lb)	¢87.55	¢0.20	+0.2%	-1.8%	+1.2%
Live Cattle (¢US/lb)	¢131.68	¢0.35	+0.3%	-0.8%	-0.2%
Cotton No.2 (\$US/lb)	\$0.77	-\$0.00	-0.4%	-0.5%	-7.7%
Lumber (\$US/Mbft)	\$371.30	+\$2.30	+0.6%	+0.9%	+6.3%

### Commodity ETFs

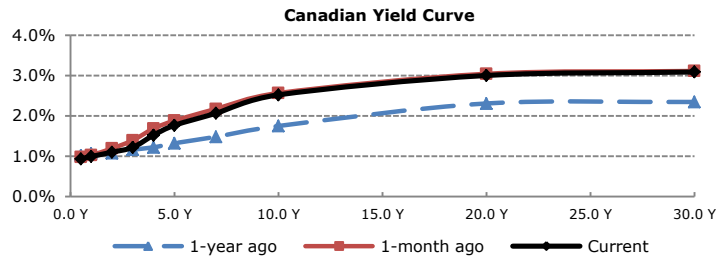
	7-Nov	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$4.35	-\$0.05	-1.1%	-4.0%	-17.0%
HBP Nat Gas U	\$9.03	+\$0.06	+0.7%	-4.0%	-18.1%
iShares Gold ETF	\$11.63	-\$0.07	-0.6%	-1.1%	-0.8%
<b>\$USD</b>					
US Crude Oil	\$33.97	-\$0.22	-0.6%	-2.08%	-9.0%
US Nat Gas	\$17.45	+\$0.10	+0.6%	-1.80%	-8.6%
PSDB Agriculture	\$24.80	-\$0.04	-0.2%	-1.00%	-3.4%
PSDB Base Metals	\$16.37	-\$0.04	-0.2%	-2.21%	-1.4%

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## Interest Rates

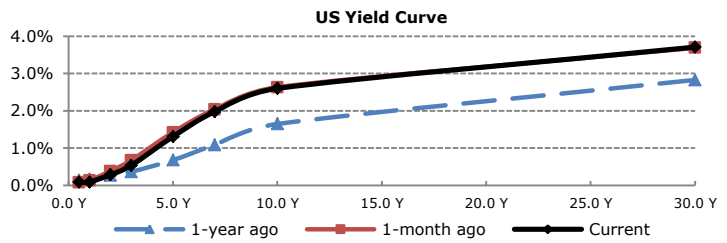
### Canadian yield curve

	<b>7-Nov</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.90%	-	0.94%	0.99%	0.98%
6-mnth	0.93%	-	0.98%	1.03%	1.02%
12-mnth	0.99%	-0.01%	1.03%	1.10%	1.06%
2-year	1.10%	-0.02%	1.19%	1.14%	1.08%
5-year	1.76%	-0.03%	1.88%	1.76%	1.32%
10-year	2.52%	-0.02%	2.56%	2.48%	1.75%
20-year	3.00%	-0.02%	3.04%	2.92%	2.31%
30-year	3.09%	-0.02%	3.11%	2.99%	2.34%

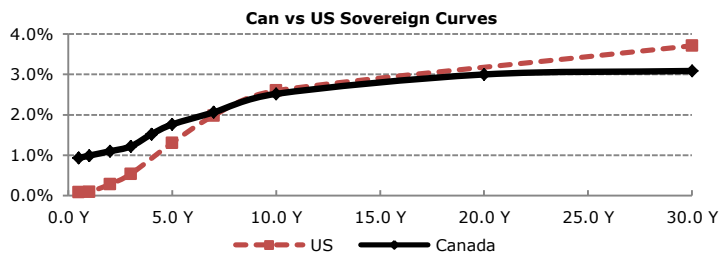
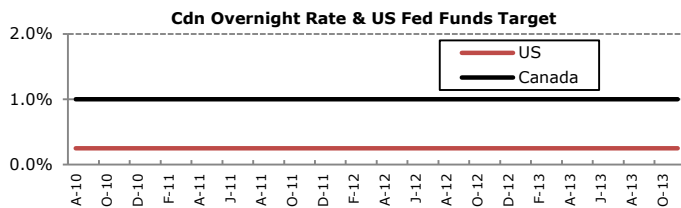


### US yield curve

	<b>7-Nov</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.06%	+0.01%	0.05%	0.05%	0.10%
6-mnth	0.09%	+0.01%	0.08%	0.07%	0.14%
12-mnth	0.09%	-	0.13%	0.10%	0.17%
2-year	0.28%	-0.01%	0.38%	0.30%	0.27%
5-year	1.31%	-0.03%	1.42%	1.35%	0.68%
10-year	2.60%	-0.04%	2.63%	2.58%	1.65%
30-year	3.71%	-0.06%	3.69%	3.63%	2.83%



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

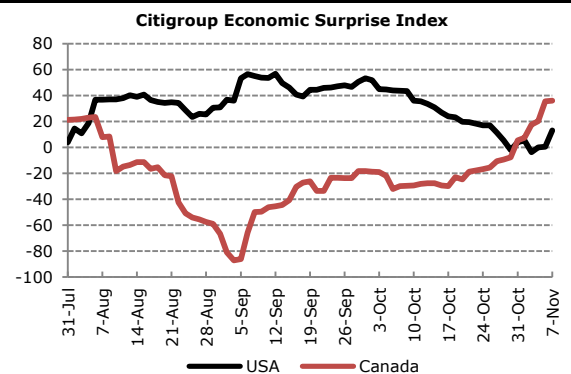
	<b>Spot</b>	<b>7-Nov</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.046	+0.004		1.037	1.042	1.000
EURUSD	\$1.342	-0.009		1.357	1.334	1.271
USDJPY	¥98.09	-0.570		96.88	96.33	79.50
GBPUSD	\$1.610	+0.002		1.608	1.549	1.588
AUDUSD	\$0.946	-0.007		0.942	0.900	1.043

	<b>Spot</b>	<b>7-Nov</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥93.75	-0.944		93.44	92.42	79.51
CADAUD	\$1.011	+0.003		1.023	1.066	0.959
GBPUSD	£1.684	+0.009		1.668	1.615	1.588
EURJPY	¥131.63	-1.680		131.49	128.47	101.03
EURAUD	\$1.42	+0.001		1.44	1.48	1.22

## Economic Releases

### United States

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Mon, Nov 04	Factory Orders	30-Sep	1.8%	1.7%	-0.1%
Wed, Nov 06	Leading Indicators	30-Sep	0.6%	0.7%	0.7%
Thu, Nov 07	Continuing Claims	26-Oct	2875K	2868K	2881K
Thu, Nov 07	Initial Jobless Claims	2-Nov	335K	336K	340K
Thu, Nov 07	GDP QoQ (Annualized)	30-Sep	2%	2.8%	0%
Fri, Nov 08	Personal Income	31-Oct	0.3%	--	0.4%
Fri, Nov 08	Nonfarm Payroll	31-Oct	120K	148K	169K

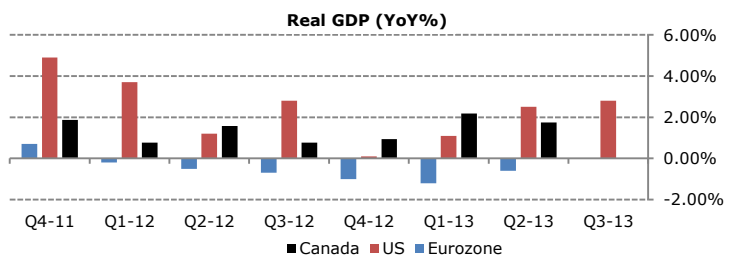


### Canada

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Wed, Nov 06	Building Permits (MoM)	30-Sep	6%	1.7%	-21.2%
Fri, Nov 08	Net Change in Employment	30-Nov	11K	11.9K	59.2K
Fri, Nov 08	Unemployment	31-Oct	7%	6.9%	7.1%
Fri, Nov 08	Housing Starts	31-Oct	190.75K	198.28K	193.637K

## Economics

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



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