

## Today's Commentary

The S&P 500 closed yesterday up 0.1% to 2,001.57 after having risen as much as 0.6% in intraday trading, while US 10-year treasury yields were up 3 basis points to 2.62%. US housing starts data missed expectations with home construction falling 14.4%, the largest slump since April 2013. American jobless claims suggested more positive news in the labour market; declining to a two month low of 280,000, as compared to the expected 305,000. The S&P TSX in Canada fell -0.33% due to weakness in gold and energy stocks. Meanwhile Canadian 10 year yields are at 2.27%, up 2 basis points. The market moving story coming out of Europe later today will likely be the result of the Scottish referendum on independence.

Fed officials increased their median estimates of the federal funds rate for the end of 2015 to 1.375%, compared with a June forecast of 1.125%. This slightly hawkish tone was counterbalanced with a dovish statement from Janet Yellen, noting once again that economic conditions may warrant keeping the target federal funds rate low for a considerable time after an anticipated end to QE. The aforementioned bond-purchasing program is scheduled to end in October, though the Fed plans to sterilize the program by replacing mature bonds until its planned increase of interest rates sometime after the second quarter of next year at which point it will allow their reserve of bonds to deplete at its natural rate. The Fed has retained flexibility in terms of the pace of benchmark rate growth, suggesting future decisions will be data dependent.

Today, the pound strengthened against the US dollar and appreciated against most of its major peers as markets await the result of the Scottish vote on independence. A poll done from September 15 to 17 found that 52% supports staying in the UK and 48% supports independence. The British economy has grown for 6 straight quarters, and so will be well prepared for any shocks resulting from today's outcome. In fact, Trustram Hunt, a member of parliament, suggests that the loss of Scotland would further inflate London's economic dominance. European stocks on the S&P 500 index rose. U.K. government bonds also declined, moving the 10-year Gilt yield to a six-week high.

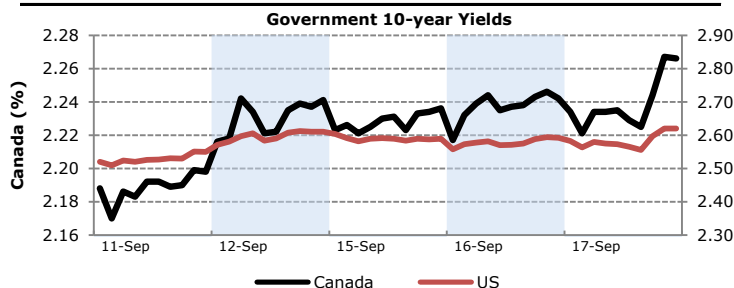
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir, and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Housing Starts	30-Sep	1037K	956K	1117K
Continuing Claims	6-Sep	2465.5K	2487K	2464K
Initial Jobless Claims	13-Sep	305K	280K	316K

Canada	Period	Survey	Actual	Prior
None Scheduled				

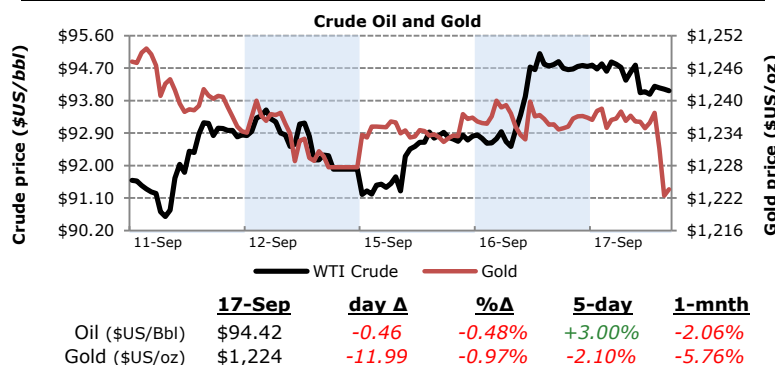
## Interest Rates



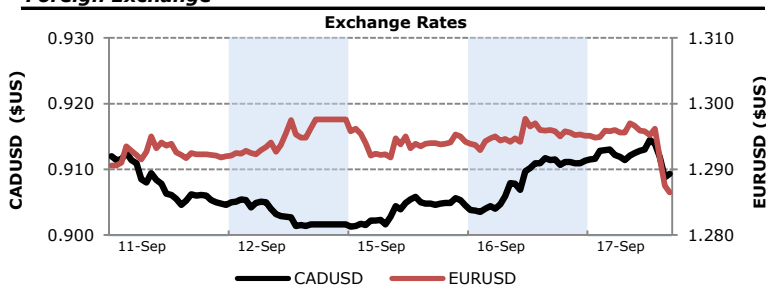
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	17-Sep	day Δ	Historical levels		
USDCAD	\$1.100	+0.003	-5 days	-1 mnth	-1 year
EURUSD	\$1.287	-0.010	1.094	1.089	1.030
USDJPY	¥108.37	+1.240	1.292	1.336	1.336
			106.860	102.57	99.13

Government 10-year Yields

	17-Sep	day Δ	Historical levels		
Canada	2.27%	0.024%	-1 mnth	-3 mnths	-1 year
United States	2.62%	0.027%	2.07%	2.26%	2.77%
			2.39%	2.62%	2.85%

## 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.

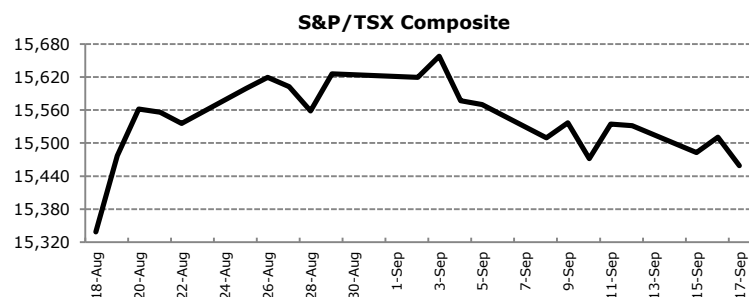
<http://www.rotman.utoronto.ca/financeassociation>

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	<u>17-Sep</u>	<u>day Δ</u>	<u>%Δ</u>
<b>S&amp;P/TSX</b>	15,458.88	-51.66	-0.33%
<b>Trailing</b>	<b>S&amp;P/TSX</b>		<b>TSX 60</b>
5-day	-0.08%		+0.24%
1-month	+1.01%		+1.67%
3-months	+2.68%		+4.08%
6-months	+8.62%		+9.64%
12-months	+20.45%		+21.31%



## TSX Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
C. Discretionary	-0.15%	-0.95%	+2.70%	+23.43%
C. Staples	+0.02%	+1.72%	+7.07%	+28.80%
Energy	-1.17%	-0.80%	-1.23%	+16.81%
Financials	-0.11%	+0.40%	+2.42%	+22.65%
Healthcare	-0.20%	+0.63%	+2.80%	+15.96%
Info Tech	-0.28%	+1.48%	+5.23%	+24.75%
Industrials	+0.50%	+0.87%	+4.83%	+39.12%
Materials	-0.87%	+0.21%	-6.23%	+5.10%
Metals & Mining	-0.74%	+0.27%	-2.98%	+5.39%
Telecom	-0.55%	-1.74%	+0.39%	+8.83%
Utilities	-0.37%	+0.23%	-0.66%	+9.83%

## TSX Top Performers

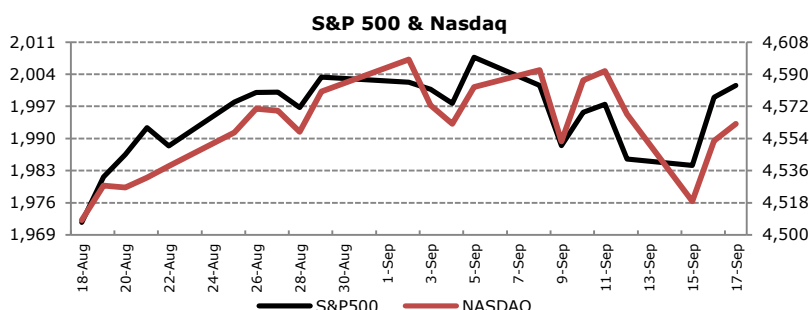
<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Westport Innovations Inc	+3.21%	-0.56%	-9.88%	-51.66%
Cameco Corp	+2.42%	+4.31%	-3.79%	+5.22%
Norbord Inc	+2.40%	+7.63%	+14.99%	-17.61%
Paramount Resources Ltd -	+1.78%	+1.73%	+10.34%	+76.65%
Canadian Pacific Railway	+1.70%	+2.78%	+7.96%	+76.79%

## TSX Worst Performers

<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Agf Management Ltd-Class	-5.99%	-7.98%	-5.60%	-10.81%
Torex Gold Resources Inc	-5.88%	+1.27%	-4.19%	+8.84%
Semafo Inc	-5.50%	-8.78%	-22.55%	+83.72%
China Gold International	-4.76%	-2.28%	-3.23%	-1.32%
Alacer Gold Corp	-3.90%	-12.05%	-16.53%	-34.11%

## US Indices

<u>Trailing</u>	<u>S&amp;P 500</u>	<u>DJIA</u>	<u>Nasdaq</u>
17-Sep	2,001.57	17,156.85	4,562.19
1-day	+0.13%	+0.15%	+0.21%
5-day	+0.29%	+0.52%	-0.53%
1-month	+2.38%	+2.96%	+2.18%
3-months	+3.07%	+2.07%	+5.19%
6-months	+7.68%	+5.60%	+6.59%
12-months	+17.41%	+10.48%	+21.80%



## S&P 500 Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
C. Discretionary	+0.03%	-0.18%	+1.67%	+12.51%
C. Staples	-0.14%	+0.33%	+2.02%	+10.46%
Energy	-0.48%	-0.00%	-1.72%	+12.19%
Financials	+0.44%	+1.02%	+4.24%	+14.94%
Healthcare	+0.09%	+0.09%	+4.00%	+24.90%
Info Tech	+0.18%	-0.10%	+2.79%	+27.99%
Industrials	+0.43%	+0.71%	+2.89%	+15.56%
Materials	+0.57%	+0.59%	+1.05%	+18.41%
Telecom	+0.44%	+1.01%	+0.74%	+3.73%
Utilities	-0.24%	+0.30%	+1.81%	+14.25%

## DJIA Top Performers

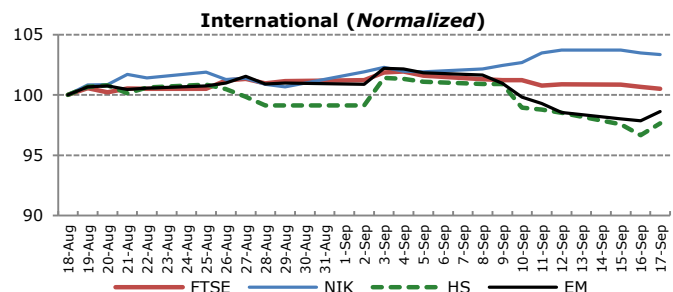
<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Du Pont (E.I.) De Nemours	+5.20%	+6.20%	+6.13%	+16.15%
Home Depot Inc	+1.05%	+2.21%	+9.00%	+20.34%
Pfizer Inc	+1.00%	+3.09%	+5.97%	+5.97%

## DJIA Worst Performers

<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnths</u>
Caterpillar Inc	-0.83%	-1.83%	-1.66%	+19.43%
Visa Inc-Class A Shares	-0.81%	-0.62%	+2.54%	+12.49%
Microsoft Corp	-0.51%	-0.68%	+3.86%	+41.27%

## International Markets

<u>Trailing</u>	<u>FTSE 100</u>	<u>Nikkei</u>	<u>Hang Seng</u>	<u>MSCI EM</u>
Last Close	6,780.90	15,888.67	24,376.41	1,062.39
1-day	-0.17%	-0.14%	+1.00%	+0.79%
5-day	-0.72%	+0.89%	-1.33%	-1.19%
1-month	+1.37%	+3.72%	-2.32%	-1.13%
3-months	+0.21%	+6.09%	+5.05%	+1.81%
6-months	+3.24%	+11.28%	+13.52%	+12.63%
12-months	+3.21%	+11.02%	+5.16%	+5.98%



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## Nymex WTI Crude Oil

(\$US/Bbl)	17-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$94.42	-\$0.46	-0.48%	+3.00%	-2.06%
Cal 15	\$91.09	-\$0.50	-0.54%	+1.39%	-2.55%
Cal 16	\$89.43	-\$0.35	-0.39%	+1.02%	-1.11%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$100.00	\$98.00	\$98.25	\$98.50	\$95.00
Current Forward	\$91.86	\$91.26	\$90.77	\$90.46	\$89.43

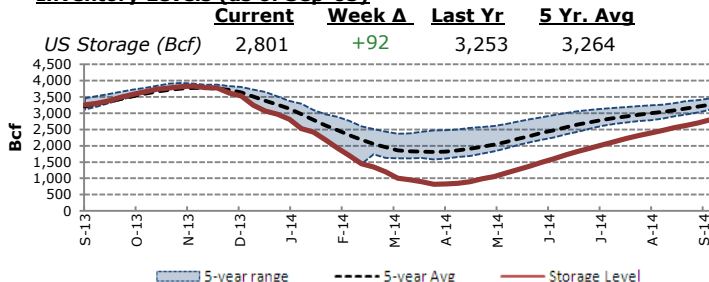
## Inventory Levels (as of Sep-12)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	362,271	+3,673	337,426	319,411
Motor Gas	210,738	-1,635	214,389	200,481
Distillates	127,772	+279	171,756	140,851

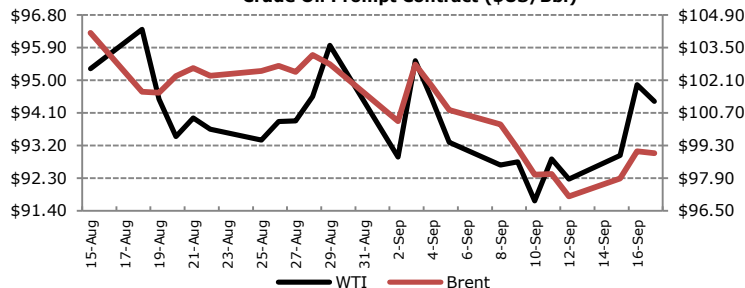
## Nymex Natural Gas

(\$US/MMbtu)	17-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.01	+\$0.02	+0.45%	+1.49%	+5.83%
Nov14-Mar15	\$4.17	+\$0.01	+0.16%	+1.82%	+1.98%
Apr15-Oct15	\$3.91	-\$0.00	-0.07%	+0.93%	+1.24%
Nov15-Mar16	\$4.20	-\$0.00	-0.07%	+0.66%	+1.03%
Apr16-Oct16	\$4.01	-\$0.00	-0.05%	+0.44%	+0.93%

## Inventory Levels (as of Sep-05)



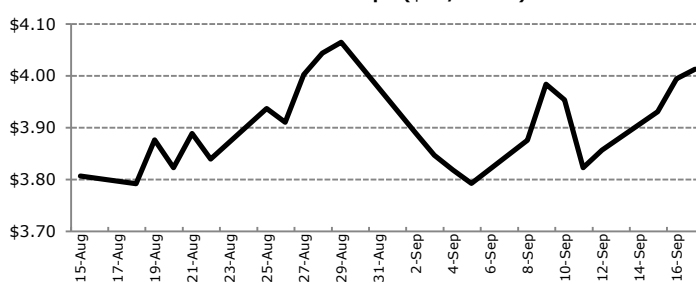
## Crude Oil Prompt Contract (\$US/Bbl)



## UK Brent Crude Oil

(\$US/Bbl)	17-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$98.97	-\$0.08	-0.08%	+0.95%	-2.59%

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



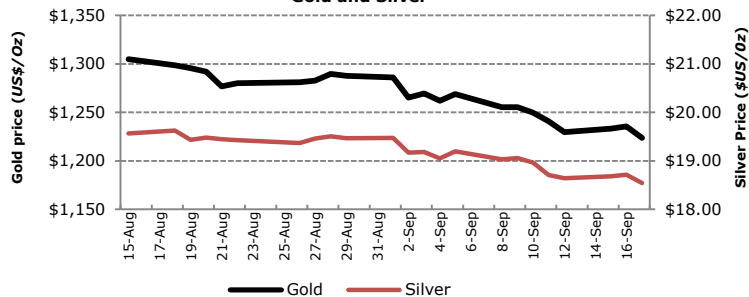
## Alberta Natural Gas

(\$CAD/GJ)	17-Sep	day Δ	%Δ
AECO Oct-14	\$3.96	+\$0.03	+0.8%

## Precious Metals

\$US/oz	17-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,223.60	-\$11.99	-1.0%	-2.1%	-5.8%	-7.2%
Silver	\$18.54	-\$0.18	-0.9%	-2.3%	-5.5%	-11.4%
Platinum	\$1,352	-\$14.10	-1.0%	-2.2%	-6.4%	-8.0%

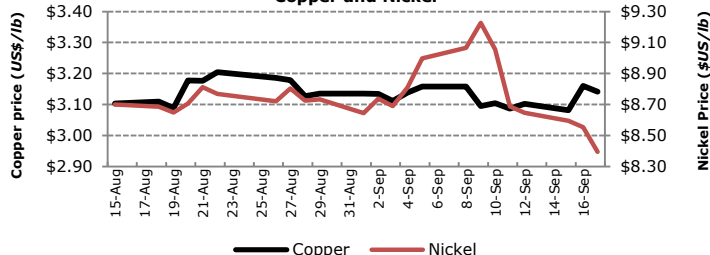
## Gold and Silver



## Industrial Metals

\$US/lb	17-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.14	-\$0.02	-0.6%	+1.2%	+1.0%	-0.3%
Nickel	\$8.39	-\$0.16	-1.9%	-7.3%	-3.4%	-3.3%
Zinc	\$1.11	-\$0.00	-0.4%	-3.6%	-0.6%	+2.2%
Aluminum	\$0.96	+\$0.01	+1.1%	-3.0%	0.0%	+6.7%
Uranium	\$36.00	+\$1.00	+2.9%	+9.4%	+15.2%	+27.4%

## Copper and Nickel



## Agriculture & Other

	17-Sep	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.42	-\$0.02	-0.6%	-1.2%	-8.2%
Wheat (\$US/bu)	\$4.99	+\$0.03	+0.6%	-3.9%	-10.6%
Soybeans (\$US/bu)	\$9.83	+\$0.02	+0.2%	-1.1%	-6.7%
Rough Rice (\$US/cwt)	\$12.51	-\$0.21	-1.6%	+1.5%	-3.5%
Sugar #11 (¢US/lb)	¢16.25	+\$0.08	+0.5%	-3.0%	-6.4%
Lean Hogs (¢US/lb)	¢93.90	¢2.02	-2.1%	-4.8%	+6.0%
Live Cattle (¢US/lb)	¢160.00	¢1.13	+0.7%	-1.3%	+6.3%
Cotton No.2 (\$US/lb)	\$0.66	+\$0.00	+0.2%	-2.2%	+2.4%
Lumber (\$US/Mbft)	\$329.00	-\$7.00	-2.1%	-1.7%	-5.7%

## Commodity ETFs

\$CAD	17-Sep	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.43	-\$0.08	-1.8%	+4.0%	-1.1%
HBP Nat Gas U	\$11.87	+\$0.12	+1.0%	+3.3%	+9.5%
iShares Gold ETF	\$10.87	-\$0.10	-0.9%	-2.2%	-5.8%
\$USD	17-Sep	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$35.01	-\$0.24	-0.7%	2.19%	-0.1%
US Nat Gas	\$21.87	+\$0.11	+0.5%	1.53%	+4.8%
PSDB Agriculture	\$25.52	+\$0.05	+0.2%	-1.01%	-2.6%
PSDB Base Metals	\$17.18	-\$0.31	-1.8%	-1.94%	-1.0%

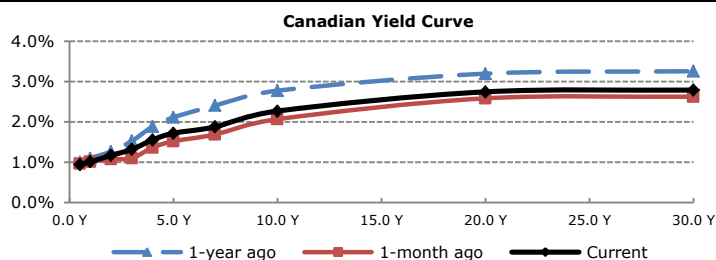
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## Interest Rates

### Canadian yield curve

	17-Sep	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.94%	0.94%	0.99%
6-mnth	0.94%	-	0.96%	0.96%	1.00%
12-mnth	1.01%	+0.00%	1.01%	0.99%	1.10%
2-year	1.17%	+0.02%	1.07%	1.08%	1.26%
5-year	1.72%	+0.02%	1.52%	1.53%	2.11%
10-year	2.27%	+0.02%	2.07%	2.26%	2.77%
20-year	2.74%	+0.02%	2.58%	2.79%	3.19%
30-year	2.79%	+0.02%	2.62%	2.83%	3.25%

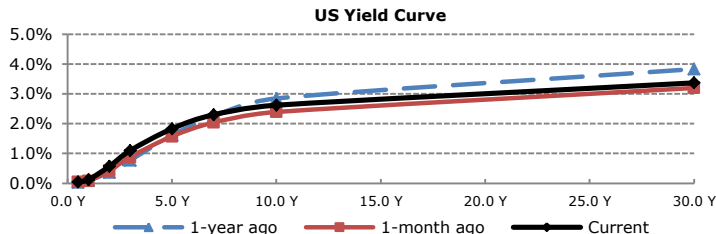
### Historical Levels



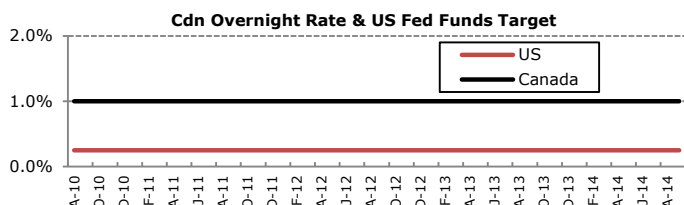
### US yield curve

	17-Sep	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	+0.01%	0.03%	0.01%	0.01%
6-mnth	0.04%	-	0.05%	0.05%	0.04%
12-mnth	0.12%	+0.03%	0.08%	0.08%	0.10%
2-year	0.57%	+0.03%	0.42%	0.45%	0.37%
5-year	1.83%	+0.06%	1.57%	1.68%	1.61%
10-year	2.62%	+0.03%	2.39%	2.62%	2.85%
30-year	3.37%	+0.01%	3.20%	3.47%	3.83%

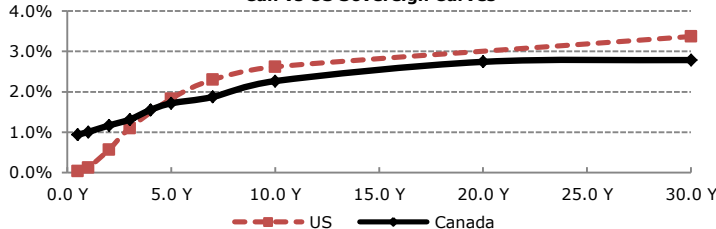
### Historical Levels



	Current	Next Meeting	Survey
Cdn Overnight	1.00%	22-Oct-14	1.00%
US Fed Funds	0.25%	28-Oct-14	0.25%



### Can vs US Sovereign Curves



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	17-Sep	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.100	+0.003	1.089	1.085	1.030
EURUSD	\$1.287	-0.010	1.336	1.357	1.336
USDJPY	¥108.37	+1.240	102.57	101.83	99.13
GBPUSD	\$1.628	-0.000	1.673	1.698	1.590
AUDUSD	\$0.896	-0.014	0.933	0.940	0.936

### Historical Levels

Spot	17-Sep	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥98.54	+0.884	94.21	93.90	96.27
CADAUD	\$1.015	+0.012	0.985	0.981	1.038
GBPCAD	£1.790	+0.004	1.821	1.842	1.638
EURJPY	¥139.42	+0.580	137.07	138.22	132.42
EURAUD	\$1.44	+0.011	1.43	1.44	1.43

## Economic Releases

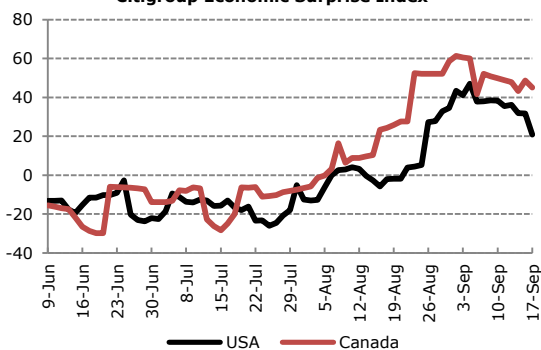
### United States

Mon, Sep 15	Industrial Production	31-Aug	0.3K	-0.1K	0.4K
Wed, Sep 17	Consumer Price Index (MoM)	31-Aug	--	-0.2%	0.1%
Thu, Sep 18	Housing Starts	30-Sep	1037K	1093K	893K
Thu, Sep 18	Continuing Claims	6-Sep	2465.5K	2487K	2464K
Thu, Sep 18	Initial Jobless Claims	13-Sep	305K	315K	302K
Fri, Sep 19	Leading Indicators	31-Aug	0.4%	--	0.3%

### Canada

			<u>Actual</u>	<u>Prior</u>	<u>Target</u>
Tue, Sep 16	Manufacturing Sales (MoM)	31-Jul	1.1%	2.5%	0.6%
Fri, Sep 19	BOC CPI Core (YoY)	31-Aug	1.8%	--	1.7%
Fri, Sep 19	Consumer Price Index	31-Aug	2.1%	--	2.1%

### Citigroup Economic Surprise Index



## Economics

Canada	Q3-13	Q4-13	Q1-14	Q2-14	2013E
Real GDP	3.03%	2.75%	0.90%	3.15%	1.80%
CPI	1.17%	0.93%	1.37%	2.23%	0.90%
Unemployment	6.90%	7.20%	6.90%	7.10%	7.05%

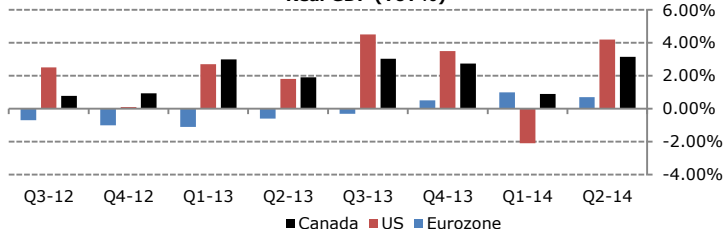
### US

Real GDP	4.50%	3.50%	-2.10%	4.20%	1.90%
CPI	1.57%	1.23%	1.40%	2.07%	1.50%
Unemployment	7.20%	6.70%	6.70%	6.10%	7.40%

### China

Real GDP	7.80%	7.70%	7.40%	7.50%	7.70%
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### Real GDP (YoY%)



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