

Today's Commentary

Markets were down across the board again yesterday. The S&P500 retreated 80bps to 1,994.29 and the TSX fell 90bps to 15,129. Notably, the VIX (an indicator of market volatility), rose 13% recording its biggest surge in 7 weeks. The Russell 2000 index of small-cap US stocks slid 105bps, the largest fall since July 31. The differential in returns between the S&P500 and the Russell 2000 has significantly increased year to date, with the S&P500 up 9.5% in contrast to the -2.07% decline in the Russell 2000.

The start of US air strikes in Syria yesterday lent support to safe-haven assets, such as US treasuries and gold. US 10s fell 1bps to 2.56%. Gold rallied with the Dec. delivery on the Comex, increasing 130bps to 1,233.20 an ounce. The Bloomberg US Dollar Spot Index declined 30bps. Canadian 10s dropped 2bps to 2.23%.

US Existing home sales for August were released yesterday, unexpectedly falling by 1.8% and ending the consecutive gains of the past four months. Investors had been buying properties in wake of the housing bust and aftermath, but only accounted for 12% of purchases in August down from 17% in the prior year. Rising prices throughout 2013 have priced out many, with only 29% of purchases coming from first time buyers, down from the historical average of 40%. Home construction was also down 14.4%. The Fed has expressed its concern with the slowing housing market, stating it to be a crucial part in economic recovery.

Yara International ASA and CF Industries Holdings Inc. are currently in merger talks. Although this is no guarantee of the transaction, if the merger does occur, it will create the world's largest fertilizer supplier with \$20 billion in sales. Yara plans to expand in North America and merging with CF will result in savings on raw materials. The merger will also improve the tax status of CF in Norway. Yara's stock rose around 10% in Norway trading and CF rose 9.8% in New York.

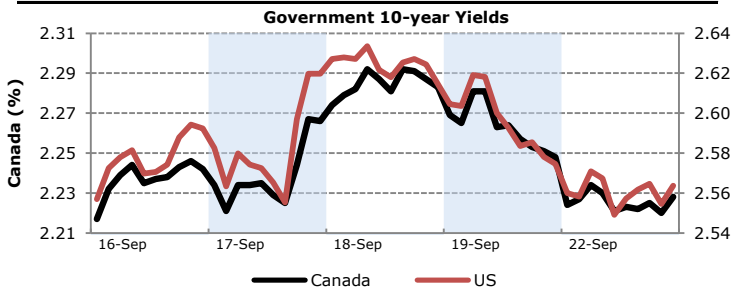
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

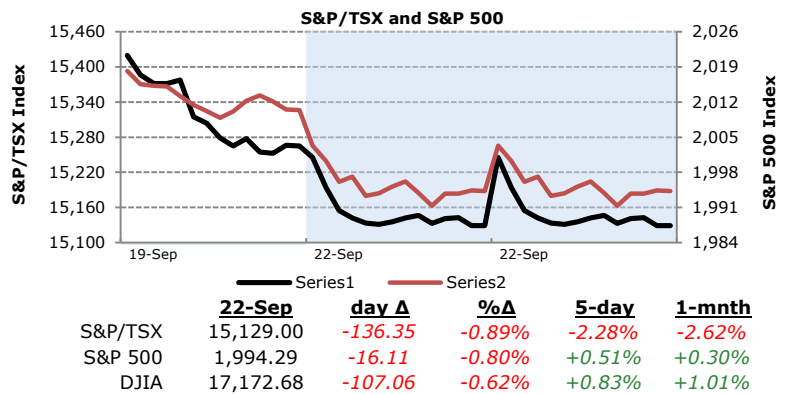
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
Retail Sales (MoM)	31-Aug	0.5%	1.1%	0.7%

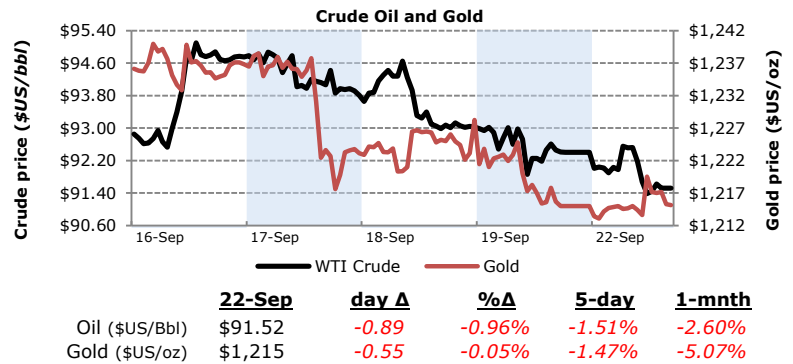
Interest Rates



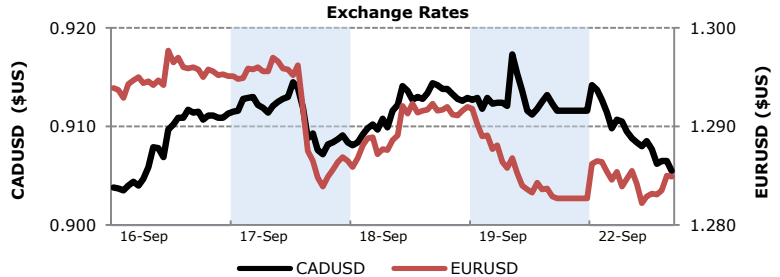
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	22-Sep	day Δ	Historical levels
Government 10-year Yields			
Canada	2.23%	-0.020%	-1 mnth: 2.07%, -3 mnths: 2.28%, -1 year: 2.69%
United States	2.56%	-0.011%	-1 mnth: 2.40%, -3 mnths: 2.58%, -1 year: 2.73%

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.

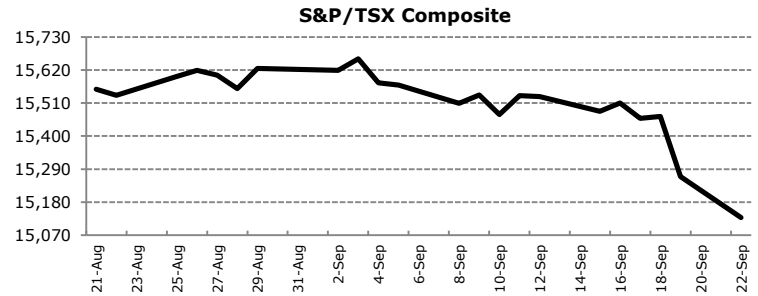
<http://www.rotman.utoronto.ca/financeassociation>

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	22-Sep	day Δ	%Δ
S&P/TSX	15,129.00	-136.35	-0.89%
Trailing S&P/TSX TSX 60			
5-day	-2.28%	-1.97%	
1-month	-2.62%	-1.79%	
3-months	+0.13%	+1.55%	
6-months	+5.53%	+6.63%	
12-months	+18.14%	+19.35%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.08%	-1.96%	-0.66%	+21.59%
C. Staples	+0.15%	+0.01%	+5.66%	+28.44%
Energy	-1.99%	-5.22%	-8.12%	+11.56%
Financials	-0.27%	-1.07%	-0.36%	+22.51%
Healthcare	-1.92%	-3.55%	-2.68%	+13.79%
Info Tech	-0.38%	-2.74%	+0.61%	+26.39%
Industrials	-1.16%	-1.08%	+0.64%	+36.04%
Materials	-1.55%	-5.94%	-10.46%	-0.20%
Metals & Mining	-1.89%	-7.82%	-10.43%	-1.75%
Telecom	+0.35%	-1.76%	-1.15%	+6.09%
Utilities	-0.59%	-0.26%	-1.74%	+8.01%

TSX Top Performers

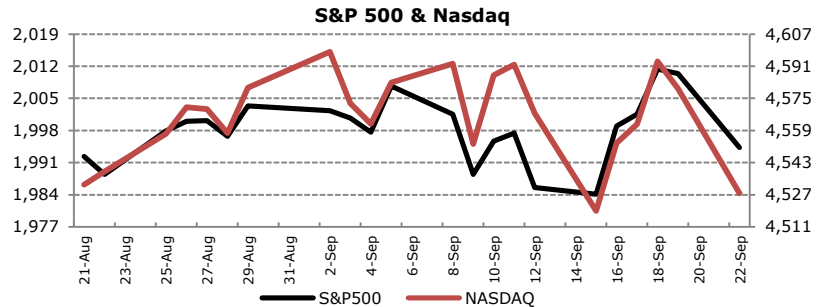
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Oceanagold Corp	+11.59%	-15.69%	-20.89%	+46.20%
Dorel Industries-CI B	+7.00%	-3.11%	-6.71%	-12.48%
Alimentation Couche-Tard	+2.98%	-2.26%	+11.46%	+63.39%
Bankers Petroleum Ltd	+2.03%	-4.48%	-15.03%	+50.14%
Tim Hortons Inc	+1.92%	-0.12%	+28.13%	+49.52%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Novagold Resources Inc	-9.26%	-11.83%	-15.10%	+40.57%
Painted Pony Petroleum	-8.63%	-13.33%	-19.27%	NA
Semafo Inc	-8.27%	-8.06%	-23.62%	+65.11%
Lightstream Resources Ltd	-7.14%	-6.14%	-14.19%	-28.08%
Parex Resources Inc	-7.06%	-5.91%	-12.87%	+109.04%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
22-Sep	1,994.29	17,172.68	4,527.69
1-day	-0.80%	-0.62%	-1.14%
5-day	+0.51%	+0.83%	+0.19%
1-month	+0.30%	+1.01%	-0.24%
3-months	+1.60%	+1.33%	+3.66%
6-months	+6.85%	+5.34%	+5.87%
12-months	+16.63%	+11.14%	+19.95%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.45%	-0.49%	-1.46%	+10.84%
C. Staples	-0.15%	+0.88%	+1.55%	+10.59%
Energy	-1.36%	-1.14%	-4.05%	+9.92%
Financials	-0.69%	+0.80%	+1.89%	+14.89%
Healthcare	-0.56%	+1.76%	+2.74%	+25.11%
Info Tech	-0.76%	+0.38%	+0.01%	+26.33%
Industrials	-1.10%	+0.17%	-0.25%	+14.58%
Materials	-0.10%	+1.63%	+0.74%	+18.33%
Telecom	-0.12%	+2.84%	+2.75%	+6.78%
Utilities	-0.72%	+0.43%	+0.00%	+12.44%

DJIA Top Performers

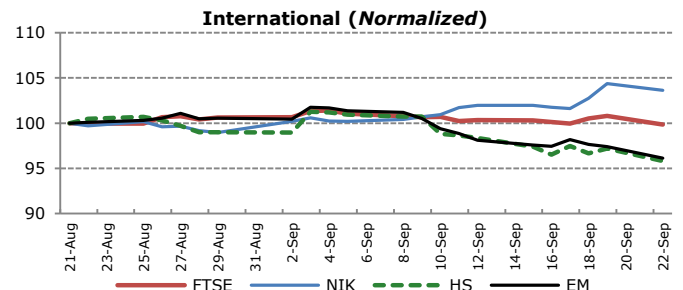
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Coca-Cola Co/The	+0.40%	+1.73%	+2.68%	+7.16%
Procter & Gamble Co/The	+0.40%	+1.12%	+1.70%	+6.83%
Du Pont (E.I.) De Nemours	+0.34%	+9.48%	+8.55%	+20.31%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
United Technologies Corp	-1.83%	-1.71%	-2.67%	-2.84%
Caterpillar Inc	-1.57%	-3.78%	-5.97%	+19.06%
Nike Inc -CI B	-1.34%	-1.10%	+1.79%	+16.35%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,773.63	16,205.90	23,955.49	1,040.29
1-day	-0.94%	-0.71%	-1.44%	-1.29%
5-day	-0.45%	+1.62%	-1.65%	-1.47%
1-month	-0.02%	+4.29%	-4.61%	-3.95%
3-months	-0.76%	+5.58%	+3.28%	-0.34%
6-months	+3.30%	+13.93%	+11.75%	+10.09%
12-months	+2.69%	+9.93%	+1.93%	+2.68%



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Nymex WTI Crude Oil

(\$US/Bbl)	22-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$91.52	-\$0.89	-0.96%	-1.51%	-2.60%
Cal 15	\$89.66	-\$0.53	-0.59%	-0.75%	-4.45%
Cal 16	\$88.57	-\$0.34	-0.38%	-0.43%	-2.38%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$100.00	\$97.00	\$98.25	\$97.00	\$95.00
Current Forward	\$90.14	\$89.78	\$89.49	\$89.23	\$88.57

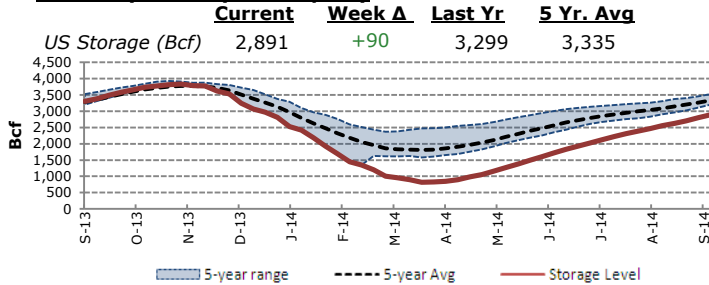
Inventory Levels (as of Sep-12)

(Mbbbls)	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

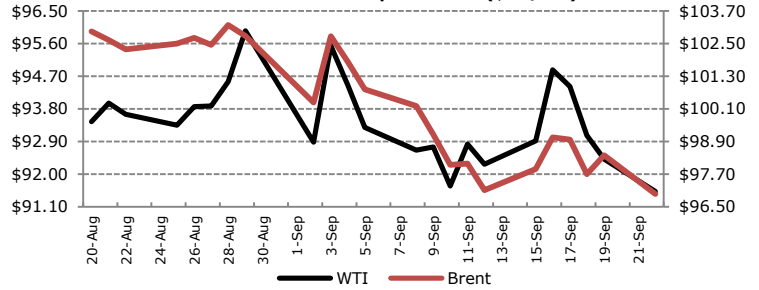
Nymex Natural Gas

(\$US/MMbtu)	22-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.85	+\$0.01	+0.34%	-2.06%	-1.00%
Nov14-Mar15	\$4.01	+\$0.00	+0.12%	-2.03%	-3.14%
Apr15-Oct15	\$3.82	+\$0.01	+0.16%	-1.19%	-1.71%
Nov15-Mar16	\$4.13	+\$0.00	+0.10%	-1.02%	-1.00%
Apr16-Oct16	\$3.98	+\$0.01	+0.28%	-0.54%	-0.39%

Inventory Levels (as of Sep-12)



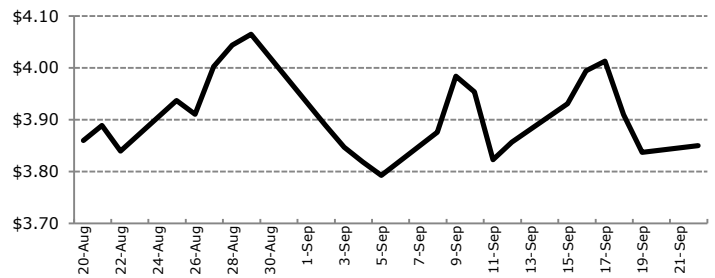
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	22-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$96.97	-\$1.42	-1.46%	-0.93%	-5.51%

Nat Gas Prompt (\$US/MMbtu)

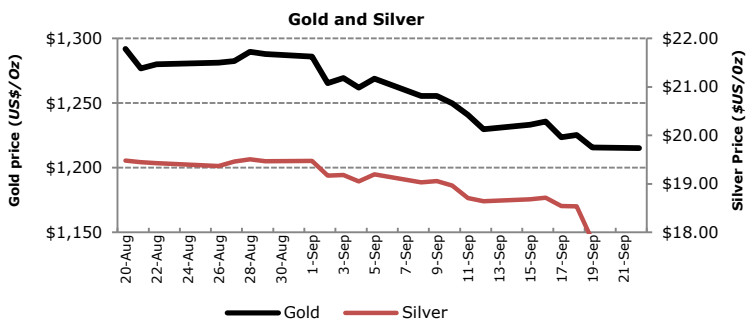


Alberta Natural Gas

(\$CAD/GJ)	22-Sep	day Δ	%Δ
AECO Oct-14	\$3.82	+\$0.08	+2.0%

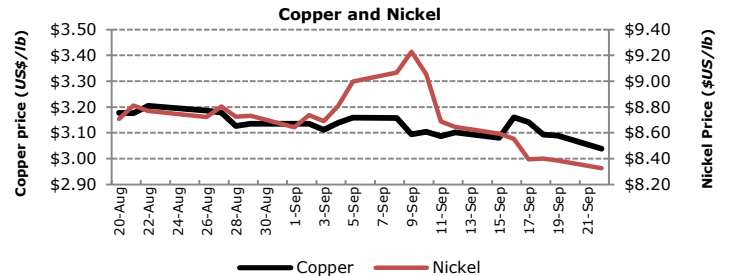
Precious Metals

\$US/oz	22-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,215.15	-\$0.55	-0.0%	-1.5%	-5.1%	-7.7%
Silver	\$17.75	-\$0.08	-0.4%	-5.0%	-8.6%	-15.3%
Platinum	\$1,325	-\$10.55	-0.8%	-2.7%	-6.7%	-10.3%



Industrial Metals

\$US/lb	22-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.04	-\$0.05	-1.6%	-1.4%	-5.2%	-3.5%
Nickel	\$8.33	-\$0.06	-0.7%	-3.1%	-5.1%	-5.1%
Zinc	\$1.11	+\$0.00	+0.1%	-0.7%	-3.9%	+2.7%
Aluminum	\$0.95	+\$0.00	0.0%	-2.1%	-5.0%	+5.6%
Uranium	\$36.50	-\$0.15	-0.4%	+7.4%	+15.3%	+29.2%



Agriculture & Other

	22-Sep	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.30	-\$0.01	-0.4%	-3.7%	-11.1%
Wheat (\$US/bu)	\$4.77	+\$0.02	+0.5%	-4.8%	-15.2%
Soybeans (\$US/bu)	\$9.38	-\$0.19	-2.0%	-5.2%	-10.0%
Rough Rice (\$US/cwt)	\$12.55	-\$0.15	-1.2%	-1.6%	-1.4%
Sugar #11 (¢US/lb)	¢15.64	¢0.16	+1.0%	-3.9%	-10.7%
Lean Hogs (¢US/lb)	¢95.70	¢0.85	+0.9%	-0.2%	+9.8%
Live Cattle (¢US/lb)	¢158.65	¢0.05	+0.0%	-0.2%	+5.9%
Cotton No.2 (\$US/lb)	\$0.63	-\$0.02	-2.8%	-4.9%	-5.4%
Lumber (\$US/Mbft)	\$326.60	-\$2.40	-0.7%	-3.5%	-7.0%

Commodity ETFs

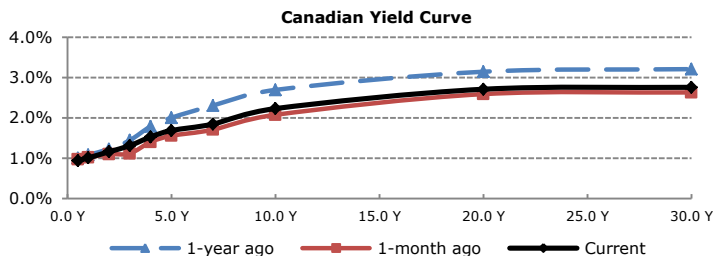
	22-Sep	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.23	-\$0.09	-2.1%	-2.4%	-5.9%
HBP Nat Gas U	\$10.91	+\$0.02	+0.2%	-4.0%	-4.1%
iShares Gold ETF	\$10.79	-\$0.02	-0.2%	-1.6%	-5.4%
\$USD					
US Crude Oil	\$34.19	-\$0.38	-1.1%	-1.07%	-2.2%
US Nat Gas	\$20.97	+\$0.02	+0.1%	-2.01%	-1.1%
PSDB Agriculture	\$25.16	+\$0.00	+0.0%	-1.02%	-3.0%
PSDB Base Metals	\$16.98	-\$0.16	-0.9%	-0.88%	-4.8%

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Interest Rates

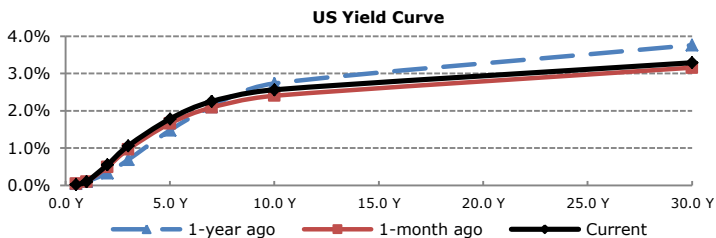
Canadian yield curve

	22-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.92%	-	0.94%	0.94%	0.99%
6-mnth	0.94%	-	0.97%	0.97%	1.00%
12-mnth	1.01%	-	1.02%	1.01%	1.08%
2-year	1.16%	-0.01%	1.09%	1.12%	1.23%
5-year	1.68%	-0.03%	1.55%	1.58%	2.00%
10-year	2.23%	-0.02%	2.07%	2.28%	2.69%
20-year	2.71%	-0.00%	2.59%	2.80%	3.14%
30-year	2.76%	-	2.63%	2.83%	3.21%

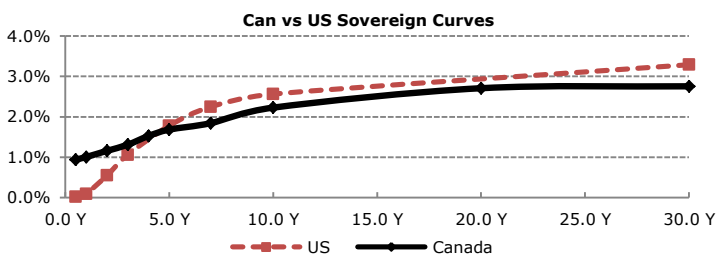
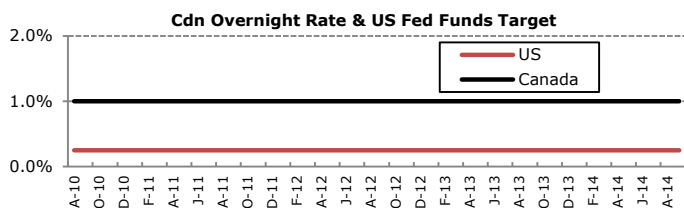


US yield curve

	22-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.00%	-0.01%	0.02%	0.02%	0.01%
6-mnth	0.02%	-0.01%	0.05%	0.05%	0.04%
12-mnth	0.10%	-0.01%	0.10%	0.08%	0.10%
2-year	0.55%	-0.02%	0.49%	0.46%	0.33%
5-year	1.78%	-0.03%	1.66%	1.67%	1.48%
10-year	2.56%	-0.01%	2.40%	2.58%	2.73%
30-year	3.29%	+0.01%	3.16%	3.40%	3.76%



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



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	22-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.104	+0.008	1.094	1.082	1.030
EURUSD	\$1.285	+0.002	1.328	1.361	1.352
USDJPY	¥108.84	-0.200	103.85	101.94	99.36
GBPUSD	\$1.636	+0.007	1.658	1.704	1.601
AUDUSD	\$0.887	-0.005	0.930	0.940	0.939

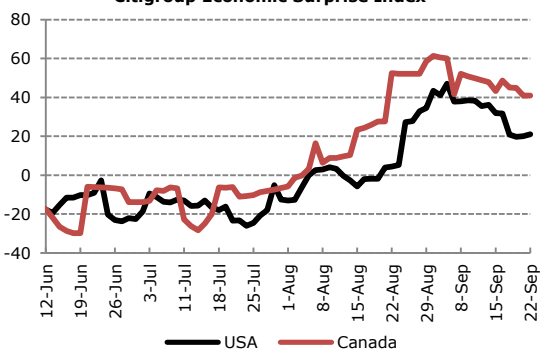
Spot	22-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥98.55	-0.917	94.92	94.23	96.42
CADAUD	\$1.021	-0.002	0.982	0.984	1.033
GBPCAD	£1.807	+0.021	1.814	1.843	1.649
EURJPY	¥139.85	-0.040	137.92	138.72	134.37
EURAUD	\$1.45	+0.011	1.43	1.45	1.44

Economic Releases

United States

	Period	Survey	Actual	Prior	
Mon, Sep 22	Existing Home Sales	31-Aug	5.2M	5.05M	5.15M
Wed, Sep 24	New Home Sales	31-Aug	430K	--	412K
Thu, Sep 25	Durable Goods Orders	31-Aug	-18%	--	22.6%
Thu, Sep 25	Continuing Claims	13-Sep	2440K	--	2429K
Thu, Sep 25	Initial Jobless Claims	20-Sep	296K	--	280K
Fri, Sep 26	GDP QoQ (Annualized)	30-Sep	4.6%	--	0%

Citigroup Economic Surprise Index

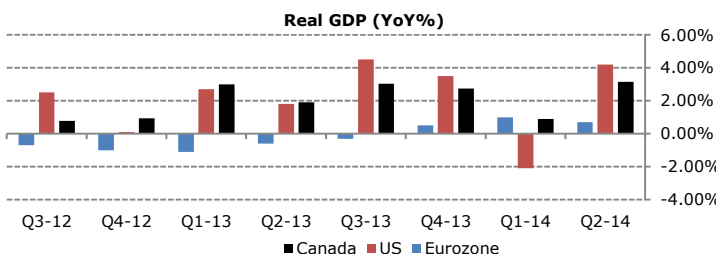


Canada

	Period	Survey	Actual	Prior	
Tue, Sep 23	Retail Sales (MoM)	31-Aug	0.5%	1.1%	0.7%

Economics

	Q3-13	Q4-13	Q1-14	Q2-14	2013E
Canada					
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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