

## Today's Commentary

Developed markets slumped yesterday, as the TSX dropped by 150bps to 14,893.57 and the Dow slipped 154bps to 16,945.80. The S&P 500 fell below its 50 day moving average, falling by 162bps to 1,965.99. Gold rose 0.2% to \$1,244.46 and sovereign bonds rallied. The VIX rose 18% to 15.64 and is now hovering around its 3 year average. The negative investor sentiment is a possible result of global uncertainties, including worrying Chinese economic growth figures and the fear of the Fed raising its benchmark rate sooner than expected, reducing stimulus in the economy.

The US government's third and final estimate of annualized second quarter GDP came in at 4.6%, matching consensus estimates. Stronger consumer spending and healthier business investment has led to the US posting its highest quarterly growth rate in almost 3 years. Overall economic growth for the year is expected to average 2.1%, due to the large winter contraction.

Across the Pacific, Japanese inflation adjusted for the effect of April's sales tax hike was estimated to be 1.1% according to BOJ estimates. Slowing consumer spending as a result of the sales tax increase has many economists believing the central bank will not achieve its target inflation of 2% by April of next year, suggesting that the BOJ will be forced to add additional stimulus. "Unless the yen falls further to 120 per USD, there is the risk of CPI dropping below 1 percent. If it went under 1 percent, the central bank will have to bolster stimulus", said former BOJ Deputy Governor Kazumasa Iwata in an interview.

Under draft rules published by the OECD this past Tuesday, the tax inversion strategy used by many corporations (including Google, Apple, and Amazon) may be reduced, or stopped all together. Tax inversion is a technique by which corporations operating in a 'home' country are replaced by a foreign corporation using multinational restructuring. The purpose of this inversion is to reduce or avoid the higher taxes in the 'home' country, shifting the burden to the lower tax rate of the foreign corporation thus reducing the corporate-tax burden on profits. The rules were agreed upon this past weekend by all 44 countries involved at the G20 summit in Sydney. The recommended implementation will require many corporations to dismantle their cross-border structures, and will result in higher effective corporate taxes and lower earnings which could result in declines of their stock prices as well.

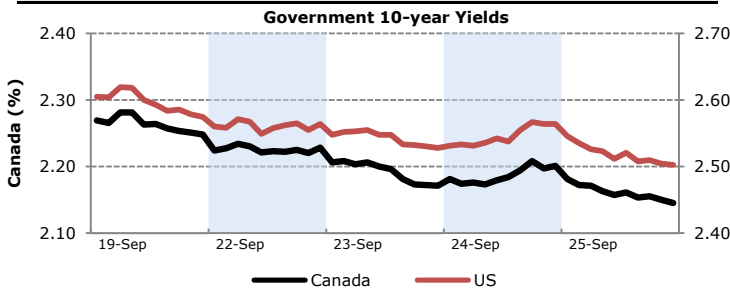
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

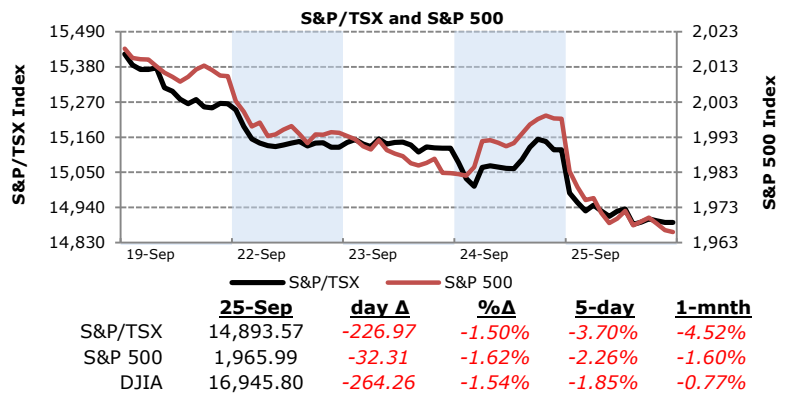
United States	Period	Survey	Actual	Prior
GDP QoQ (Annualized)	30-Sep	4.6%	4.6%	4.2%

Canada	Period	Survey	Actual	Prior
None Scheduled				

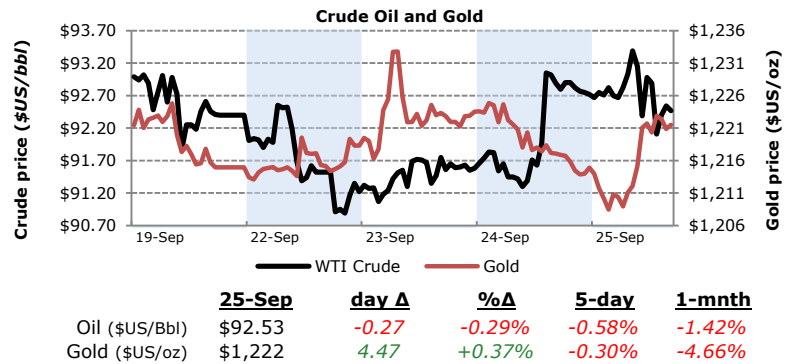
## Interest Rates



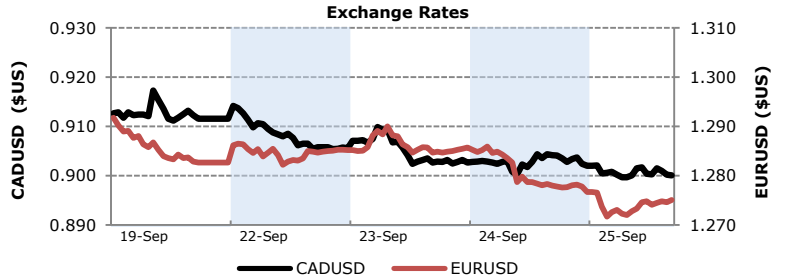
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	25-Sep	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.111	+0.005	1.093	1.095	1.031
EURUSD	\$1.275	-0.003	1.292	1.317	1.353
USDJPY	¥108.75	-0.290	108.690	104.06	98.43

Government 10-year Yields

	25-Sep	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.15%	-0.056%	2.04%	2.25%	2.57%
United States	2.50%	-0.061%	2.40%	2.53%	2.63%

## 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.

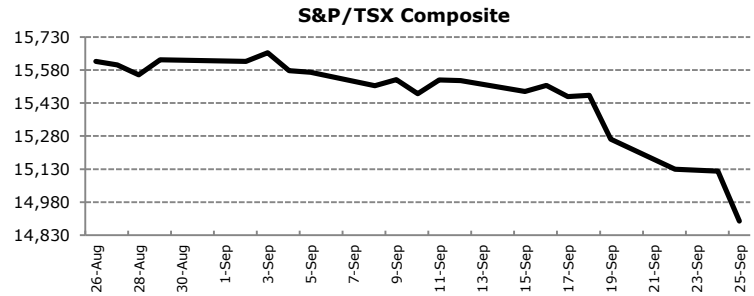
<http://www.rotman.utoronto.ca/financeassociation>

Sponsored By:



The information contained in this report is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of author(s), and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

	<b>25-Sep</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	14,893.57	-226.97	-1.50%
<b>Trailing S&amp;P/TSX TSX 60</b>			
5-day	-3.70%	-3.88%	
1-month	-4.52%	-4.11%	
3-months	-0.54%	+0.49%	
6-months	+4.15%	+4.97%	
12-months	+16.02%	+17.00%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.64%	-2.94%	-3.56%	+18.75%
C. Staples	-1.59%	-2.87%	+2.53%	+25.25%
Energy	-2.07%	-5.21%	-9.98%	+9.71%
Financials	-1.97%	-4.21%	-3.37%	+18.31%
Healthcare	+0.39%	-1.37%	-1.24%	+17.94%
Info Tech	-2.41%	-4.14%	-2.19%	+23.97%
Industrials	-1.52%	-3.30%	-1.19%	+34.12%
Materials	+0.00%	-2.75%	-8.98%	+1.21%
Metals & Mining	-1.75%	-5.08%	-10.36%	-1.07%
Telecom	-1.92%	-2.31%	-2.77%	+4.38%
Utilities	-0.83%	-2.02%	-2.94%	+6.24%

**TSX Top Performers**

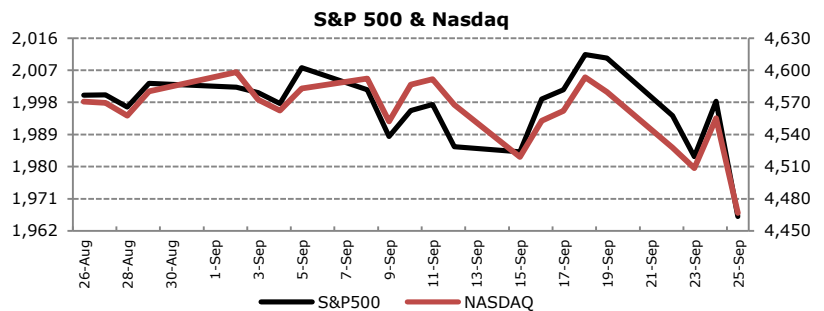
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
China Gold International	+9.68%	+5.92%	+10.39%	+7.94%
Torex Gold Resources Inc	+4.73%	-0.64%	-3.73%	+5.44%
Novagold Resources Inc	+4.60%	-5.70%	-8.08%	+53.59%
Aurico Gold Inc	+4.20%	+4.71%	-8.66%	+4.46%
Detour Gold Corp	+4.13%	+3.56%	-26.63%	+5.38%

**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>
Blackberry Ltd	-6.29%	-7.64%	-1.09%	+31.72%
Raging River Exploration	-5.08%	-9.67%	-16.89%	+65.76%
Kelt Exploration Ltd	-4.84%	-7.48%	-11.18%	+44.93%
Ats Automation Tooling Sy	-4.69%	-4.27%	-5.82%	-8.51%
Birchcliff Energy Ltd	-4.61%	-11.76%	-17.20%	+48.49%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
25-Sep	1,965.99	16,945.80	4,466.75
1-day	-1.62%	-1.54%	-1.94%
5-day	-2.26%	-1.85%	-2.76%
1-month	-1.60%	-0.77%	-1.99%
3-months	+0.33%	+0.46%	+1.99%
6-months	+5.38%	+3.53%	+5.49%
12-months	+16.14%	+10.95%	+18.76%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.44%	-2.55%	-2.91%	+10.73%
C. Staples	-1.25%	-0.92%	+0.03%	+11.67%
Energy	-1.53%	-3.14%	-6.53%	+8.48%
Financials	-1.65%	-2.77%	-0.71%	+14.69%
Healthcare	-1.58%	-0.97%	+1.48%	+27.00%
Info Tech	-2.28%	-2.94%	-1.84%	+24.31%
Industrials	-1.49%	-3.03%	-2.42%	+12.72%
Materials	-1.46%	-1.18%	-0.64%	+17.69%
Telecom	-0.95%	-0.31%	+0.87%	+6.49%
Utilities	-0.56%	-1.12%	-1.86%	+10.67%

**DJIA Top Performers**

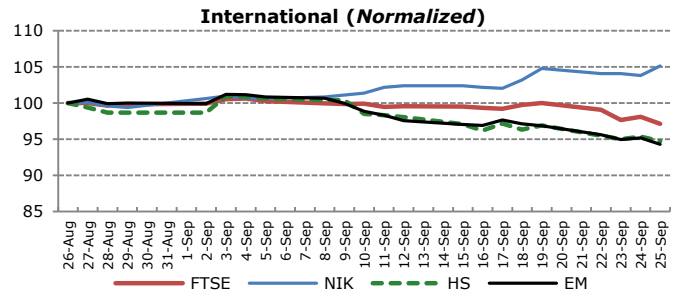
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Mcdonald'S Corp	-0.88%	+0.73%	-0.30%	-3.54%
At&T Inc	-0.90%	-0.23%	+1.65%	+3.02%
Verizon Communications In	-0.92%	-0.16%	+0.94%	+5.64%

**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>
Jpmorgan Chase & Co	-2.40%	-1.91%	+1.37%	+16.34%
Unitedhealth Group Inc	-2.30%	-1.65%	+2.30%	+19.73%
Microsoft Corp	-2.21%	-1.37%	+1.93%	+41.71%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	6,639.71	16,374.14	23,768.13	1,025.63
1-day	-0.99%	+1.28%	-0.64%	-0.93%
5-day	-2.63%	+3.06%	-1.66%	-2.91%
1-month	-2.00%	+4.87%	-5.56%	-5.50%
3-months	-1.39%	+7.25%	+3.94%	-1.55%
6-months	+0.53%	+13.53%	+9.37%	+7.00%
12-months	+1.35%	+11.99%	+2.41%	+1.79%



This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

### Nymex WTI Crude Oil

(\$US/Bbl)	25-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.53	-\$0.27	-0.29%	-0.58%	-1.42%
Cal 15	\$90.04	-\$0.20	-0.22%	-0.22%	-4.31%
Cal 16	\$88.42	-\$0.17	-0.19%	-0.49%	-2.98%

(\$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	\$90.95	\$90.20	\$89.64	\$89.37	\$88.42

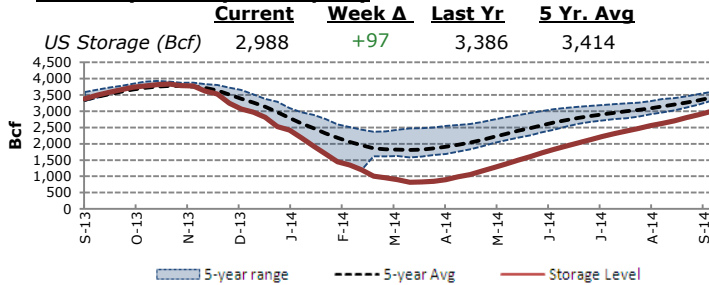
### Inventory Levels (as of Sep-19)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	357,998	-4,273	337,426	319,411
Motor Gas	210,324	-414	214,389	200,481
Distillates	128,595	+823	171,756	140,851

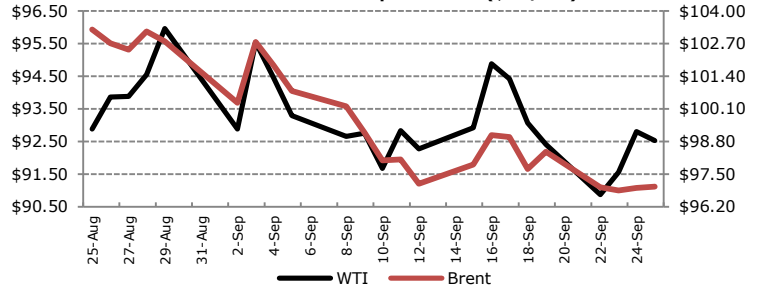
### Nymex Natural Gas

(\$US/MMbtu)	25-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.97	+\$0.06	+1.53%	+1.56%	+1.53%
Nov14-Mar15	\$4.10	+\$0.04	+1.05%	+0.98%	+1.66%
Apr15-Oct15	\$3.86	+\$0.01	+0.33%	+0.31%	+0.85%
Nov15-Mar16	\$4.16	+\$0.00	+0.12%	+0.13%	+0.76%
Apr16-Oct16	\$3.98	-\$0.00	-0.10%	+0.00%	+0.68%

### Inventory Levels (as of Sep-19)



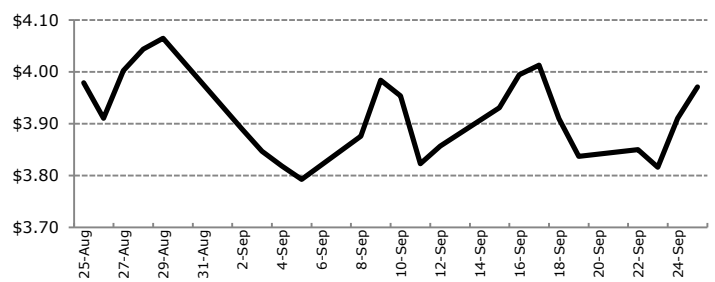
### Crude Oil Prompt Contract (\$US/Bbl)



### UK Brent Crude Oil

(\$US/Bbl)	25-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$97.00	+\$0.05	+0.05%	-0.72%	-5.57%

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



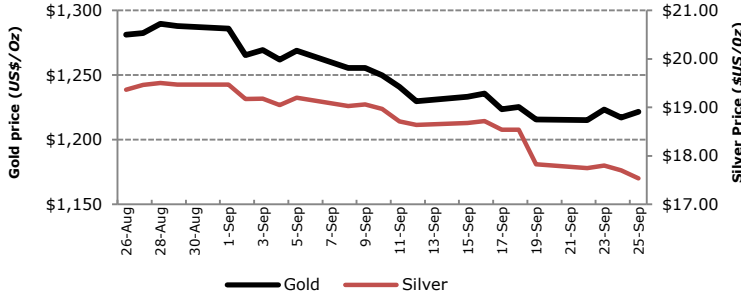
### Alberta Natural Gas

(\$CAD/GJ)	25-Sep	day Δ	%Δ
AECO Oct-14	\$3.93	+\$0.08	+2.2%

### Precious Metals

\$US/oz	25-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,221.53	+\$4.47	+0.4%	-0.3%	-4.7%	-7.9%
Silver	\$17.53	-\$0.17	-1.0%	-5.4%	-9.5%	-17.1%
Platinum	\$1,314	-\$4.85	-0.4%	-2.4%	-7.3%	-13.1%

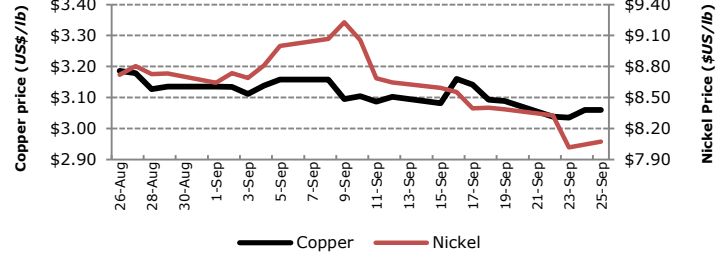
### Gold and Silver



### Industrial Metals

\$US/lb	25-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.06	+\$0.00	+0.0%	-1.1%	-4.0%	-5.9%
Nickel	\$8.07	+\$0.03	+0.4%	-3.9%	-7.4%	-9.1%
Zinc	\$1.11	+\$0.00	+0.4%	-0.1%	-4.4%	+2.1%
Aluminum	\$0.93	-\$0.01	-1.1%	-2.1%	-6.1%	+3.3%
Uranium	\$35.50	-\$0.50	-1.4%	-3.4%	+12.7%	+25.4%

### Copper and Nickel



### Agriculture & Other

	25-Sep	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.26	-\$0.04	-1.1%	-3.6%	-10.7%
Wheat (\$US/bu)	\$4.74	-\$0.06	-1.3%	-3.0%	-15.7%
Soybeans (\$US/bu)	\$9.23	-\$0.14	-1.5%	-5.0%	-9.9%
Rough Rice (\$US/cwt)	\$12.71	-\$0.03	-0.2%	+0.7%	-1.5%
Sugar #11 (¢US/lb)	¢16.08	+¢0.18	+1.1%	+0.8%	-8.1%
Lean Hogs (¢US/lb)	¢93.60	-¢1.60	-1.7%	-0.2%	+3.4%
Live Cattle (¢US/lb)	¢159.10	+¢0.32	+0.2%	+0.1%	+5.5%
Cotton No.2 (\$US/lb)	\$0.61	-\$0.00	-0.3%	-5.6%	-9.0%
Lumber (\$US/Mbft)	\$326.00	-\$4.20	-1.3%	-1.2%	-5.1%

### Commodity ETFs

	25-Sep	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$4.38	-\$0.05	-1.1%	+0.7%	-2.2%
HBP Nat Gas U	\$11.44	+\$0.33	+3.0%	+1.2%	-2.0%
iShares Gold ETF	\$10.86	+\$0.05	+0.5%	-0.1%	-4.7%
<b>\$USD</b>					
US Crude Oil	\$34.83	-\$0.17	-0.5%	0.61%	-0.1%
US Nat Gas	\$21.49	+\$0.31	+1.5%	0.70%	-1.1%
PSDB Agriculture	\$25.14	-\$0.32	-1.3%	-0.59%	-2.7%
PSDB Base Metals	\$16.96	-\$0.15	-0.9%	-0.99%	-5.1%

This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

## Interest Rates

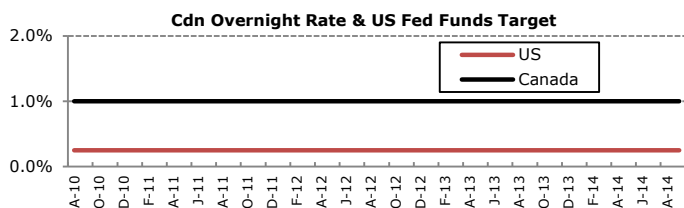
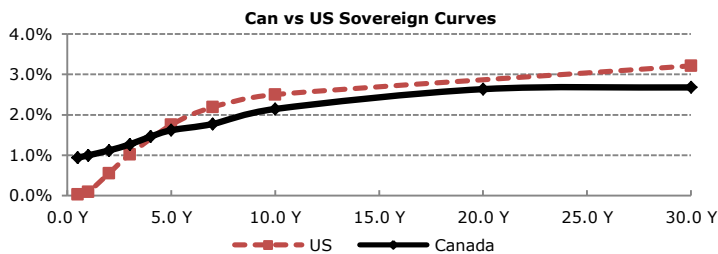
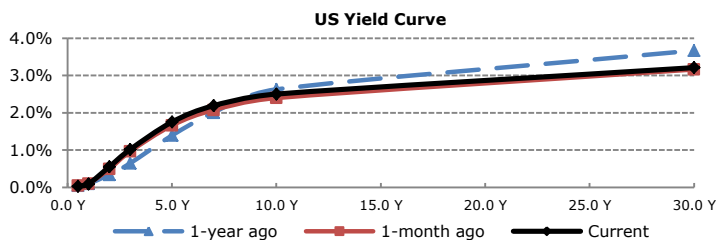
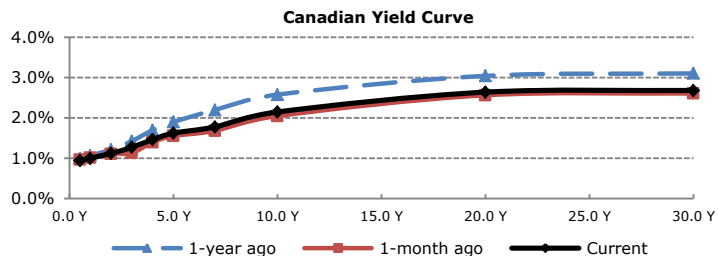
### Canadian yield curve

	<b>25-Sep</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.92%	-	0.94%	0.95%	0.98%
6-mnth	0.94%	-0.01%	0.96%	0.96%	0.99%
12-mnth	1.00%	-0.01%	1.01%	1.01%	1.07%
2-year	1.12%	-0.02%	1.11%	1.12%	1.21%
5-year	1.62%	-0.04%	1.55%	1.56%	1.90%
10-year	2.15%	-0.06%	2.04%	2.25%	2.57%
20-year	2.64%	-0.06%	2.56%	2.77%	3.04%
30-year	2.68%	-0.06%	2.60%	2.80%	3.10%

### US yield curve

	<b>25-Sep</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.01%	-0.01%	0.02%	0.02%	0.02%
6-mnth	0.03%	-	0.05%	0.06%	0.04%
12-mnth	0.09%	-	0.10%	0.10%	0.10%
2-year	0.55%	-0.04%	0.49%	0.46%	0.34%
5-year	1.75%	-0.04%	1.66%	1.64%	1.39%
10-year	2.50%	-0.06%	2.40%	2.53%	2.63%
30-year	3.21%	-0.07%	3.16%	3.37%	3.67%

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

	<b>Spot</b>	<b>25-Sep</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.111	+0.005		1.095	1.075	1.031
EURUSD	\$1.275	-0.003		1.317	1.361	1.353
USDJPY	¥108.75	-0.290		104.06	101.97	98.43
GBPUSD	\$1.632	-0.002		1.654	1.699	1.608
AUDUSD	\$0.879	-0.010		0.931	0.937	0.937

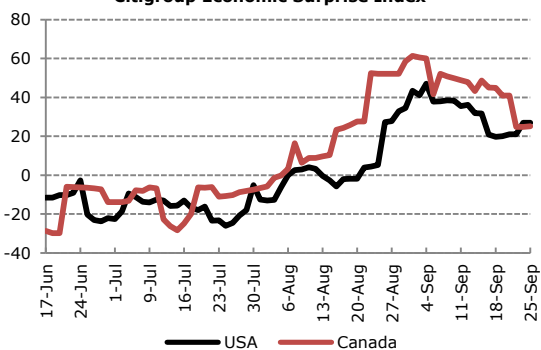
	<b>Spot</b>	<b>25-Sep</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥97.88	-0.729		95.02	94.90	95.44
CADAUD	\$1.024	+0.007		0.981	0.994	1.035
GBP CAD	£1.813	+0.006		1.812	1.825	1.659
EURJPY	¥138.67	-0.690		137.03	138.74	133.14
EURAUD	\$1.45	+0.013		1.41	1.45	1.44

## Economic Releases

### United States

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Mon, Sep 22	Existing Home Sales	31-Aug	5.2M	5.05M	5.15M
Wed, Sep 24	New Home Sales	31-Aug	430K	504K	412K
Thu, Sep 25	Durable Goods Orders	31-Aug	-18%	-18.2%	22.6%
Thu, Sep 25	Continuing Claims	13-Sep	2440K	2439K	2429K
Thu, Sep 25	Initial Jobless Claims	20-Sep	296K	293K	280K
Fri, Sep 26	GDP QoQ (Annualized)	30-Sep	4.6%	4.6%	4.20%

### Citigroup Economic Surprise Index

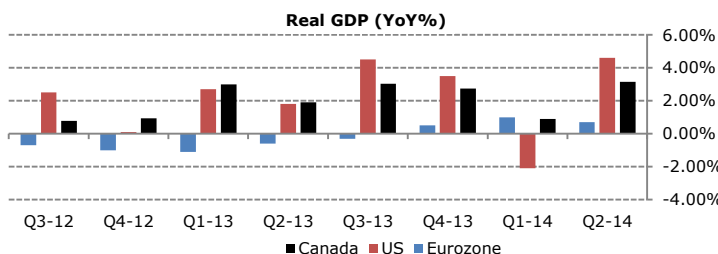


### Canada

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Tue, Sep 23	Retail Sales (MoM)	31-Jul	0.5%	-0.1%	1.1%

## Economics

	<b>Q3-13</b>	<b>Q4-13</b>	<b>Q1-14</b>	<b>Q2-14</b>	<b>2013E</b>
<b>Canada</b>					
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%
<b>US</b>					
Real GDP	4.50%	3.50%	-2.10%	4.60%	1.90%
CPI	1.57%	1.23%	1.40%	2.07%	1.50%
Unemployment	7.20%	6.70%	6.70%	6.10%	7.40%
<b>China</b>					
Real GDP	7.80%	7.70%	7.40%	7.50%	7.70%



This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from Bloomberg and other publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**