

Today's Commentary

North American markets started off the week bearish, as a downturn was common among the major indices yesterday. The Dow was down 10bps to 33,794, with the S&P 500 following suit and falling 16bps to 1,964 as 62% of the index's 500 stocks showed losses. The TSX also declined 32bps down to 14,743. The Russell 2000 continued its rut since late August and was down to 1,094, almost a full percent. The bond market moved very little over the past few trading days with US 10s rigid at 2.41%, down 9bps from a week ago and Canadian 10s continuing to wither at 2.09%, down 35bps from a week past. Out later today is a report on US Consumer Credit m/m which tracks the changes in consumer credit outstanding, and is a good indication of consumers' spirits. The market consensus is a \$20Bn gain in August, which is down from \$26Bn the month before, signalling that consumers' are less willing to spend.

In emerging markets, Brazil's Ibovespa rose 4.7% yesterday after Sunday's election results showed incumbent Rousseff did not obtain the majority of votes needed for victory and a final run-off vote will take place October 26. Brazil's stock exchange reacted positively to unexpected news that Rousseff's new main opponent, Neves, took 35% of the vote as compared to Rousseff's 41%. Neves is considered to be the most market-friendly of Rousseff's challengers and if elected to office is touted to revive investment into the country. The Ibovespa has fallen 22% since Rousseff took office in 2011, and her presidential term has been mired in public protests against corruption, and the public outcry for adequate health care, education, and transport. The Brazilian stock market, and emerging market indices will likely continue to be highly sensitive to poll predictions until the final run-off vote in late October.

Fears of stagflation in Japan are hindering the central bank's ability to further stimulate the economy. According to Tomohisa Fujiki, "There is a stagflation mentality spreading among consumers. The BOJ will be reluctant to add stimulus aggressively as some of the negative impacts of a weaker currency start to emerge". The yen is currently trading at 109.0850 against the USD, which is very close to its 52-week low of 110.0685. The depreciation in the currency has helped to boost exports for some companies, but has not been able to offset the increased cost of imports. In addition, due to the sales tax increase, the country is also recovering from a 7.2% contraction through June to August. The Finance Minister of Japan has suggested that, if the yen weakens more, the BOJ will intervene to avoid a further slide, but has not done so in almost 3 years.

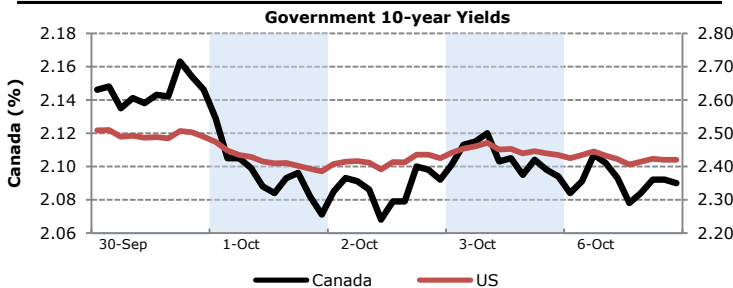
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
Building Permits (MoM)	30-Sep	-6.5%	-27.3%	11.6%

Interest Rates



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.

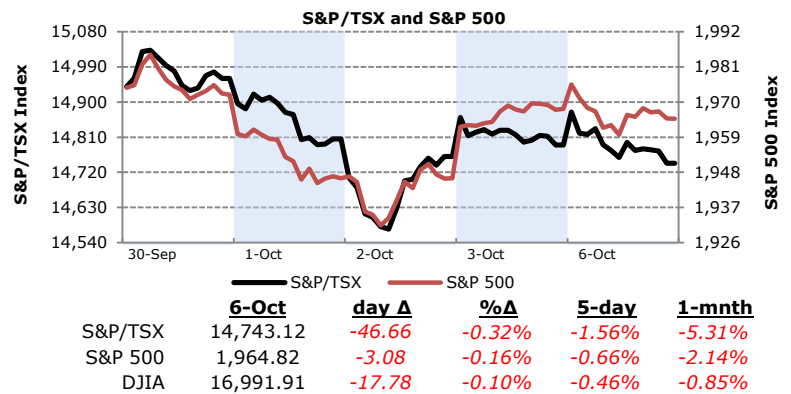
<http://www.economics.utoronto.ca/index.php/index/mfe/>

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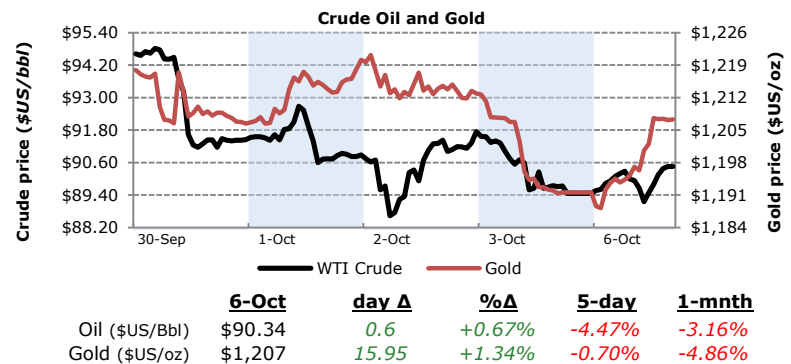


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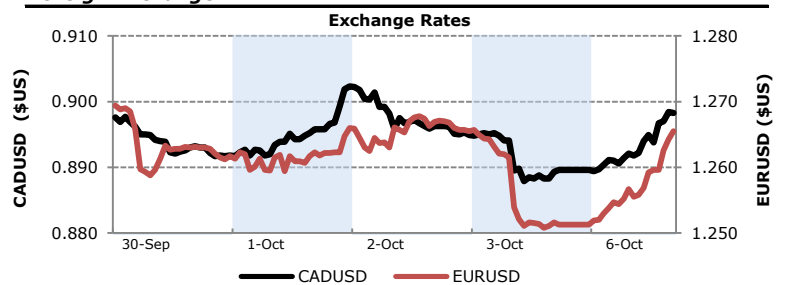
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	6-Oct	day Δ	Historical levels
USDCAD	\$1.113	-0.011	-5 days: 1.116, -1 mnth: 1.088, -1 year: 1.029
EURUSD	\$1.266	+0.014	-5 days: 1.269, -1 mnth: 1.295, -1 year: 1.356
USDJPY	¥108.78	-0.980	-5 days: 109.500, -1 mnth: 105.09, -1 year: 97.48

Government 10-year Yields

	6-Oct	day Δ	Historical levels
Canada	2.09%	-0.004%	-1 mnth: 2.12%, -3 mnths: 2.25%, -1 year: 2.58%
United States	2.42%	-0.014%	-1 mnth: 2.46%, -3 mnths: 2.56%, -1 year: 2.64%

Rotman Finance Association

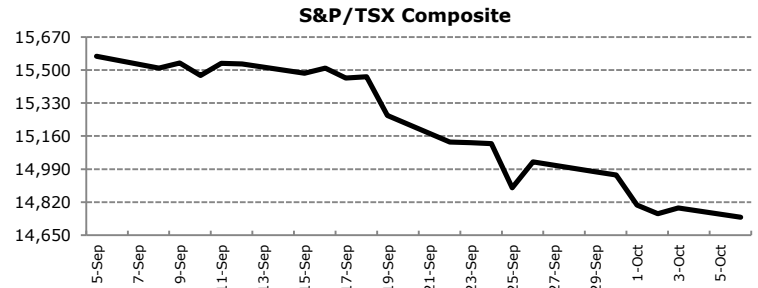


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

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

	6-Oct	day Δ	%Δ
S&P/TSX	14,743.12	-46.66	-0.32%

	Trailing S&P/TSX	TSX 60
5-day	-1.56%	-1.39%
1-month	-5.31%	-4.88%
3-months	-3.10%	-1.99%
6-months	+2.43%	+3.82%
12-months	+15.55%	+16.46%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.60%	-0.28%	-4.29%	+19.17%
C. Staples	-0.77%	+1.25%	-0.47%	+26.28%
Energy	-0.72%	-4.81%	-11.04%	+6.67%
Financials	-0.04%	-0.60%	-3.53%	+18.22%
Healthcare	-0.89%	-0.44%	-1.30%	+16.74%
Info Tech	-0.27%	-0.56%	-1.93%	+27.27%
Industrials	-1.06%	-0.28%	-1.51%	+34.23%
Materials	+0.53%	-3.69%	-10.45%	-0.41%
Metals & Mining	-0.10%	-4.28%	-12.57%	-1.52%
Telecom	+0.17%	+0.99%	-2.69%	+7.68%
Utilities	-0.59%	-0.37%	-0.89%	+8.47%

TSX Top Performers

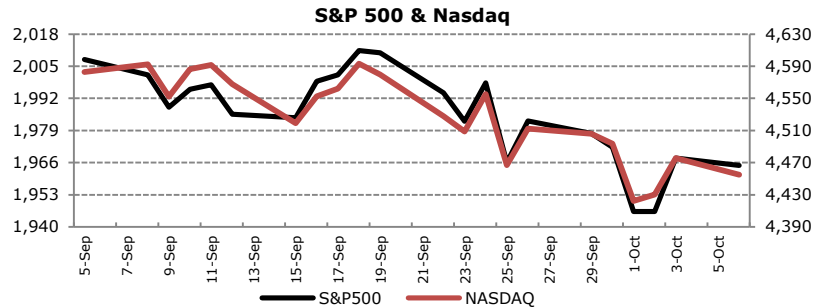
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
China Gold International	+6.42%	-3.08%	+6.06%	+9.76%
Bankers Petroleum Ltd	+5.10%	-9.17%	-18.38%	+33.42%
Labrador Iron Ore Royalty	+4.51%	+4.27%	-21.18%	-24.47%
Air Canada-Class B	+3.94%	-2.39%	-9.31%	+82.18%
Torex Gold Resources Inc	+3.50%	-2.63%	-10.30%	+19.35%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Superior Plus Corp	-8.35%	-8.67%	-11.48%	+20.58%
Avigilon Corp	-6.33%	-11.46%	-17.02%	-14.84%
Finning International Inc	-3.06%	-8.16%	-11.55%	+24.43%
Crew Energy Inc	-3.05%	-4.85%	-9.78%	+62.21%
Legacy Oil + Gas Inc	-3.04%	-13.83%	-26.56%	-17.50%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
6-Oct	1,964.82	16,991.91	4,454.80
1-day	-0.16%	-0.10%	-0.47%
5-day	-0.66%	-0.46%	-1.13%
1-month	-2.14%	-0.85%	-2.80%
3-months	-1.04%	-0.45%	-0.69%
6-months	+5.35%	+3.53%	+7.92%
12-months	+16.23%	+12.73%	+16.99%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.56%	-0.69%	-3.67%	+9.22%
C. Staples	+0.07%	+0.74%	+0.17%	+14.10%
Energy	+0.13%	-3.29%	-8.17%	+6.12%
Financials	-0.15%	+0.11%	-0.69%	+15.88%
Healthcare	-0.39%	-0.30%	+0.13%	+25.14%
Info Tech	-0.02%	-0.63%	-1.59%	+25.38%
Industrials	-0.33%	-1.07%	-2.76%	+13.52%
Materials	-0.07%	-3.45%	-4.17%	+13.80%
Telecom	+0.41%	+0.64%	+0.27%	+8.19%
Utilities	-0.01%	+1.23%	-1.89%	+14.49%

DJIA Top Performers

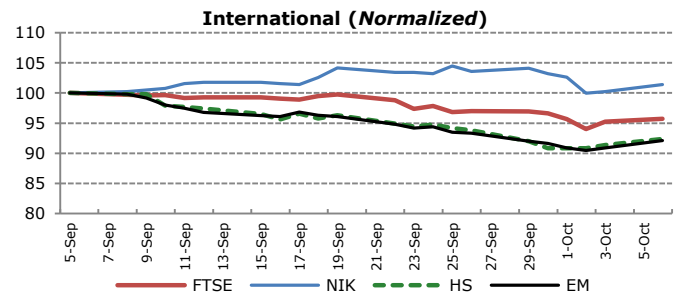
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Coca-Cola Co/The	+1.40%	+3.20%	+4.21%	+17.20%
Verizon Communications In	+0.74%	+0.66%	+0.28%	+6.33%
Exxon Mobil Corp	+0.64%	+0.10%	-4.78%	+9.50%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Cisco Systems Inc	-1.19%	-0.44%	+0.04%	+8.64%
Nike Inc -CI B	-1.19%	+0.11%	+8.75%	+23.68%
Unitedhealth Group Inc	-1.08%	-1.64%	-3.03%	+16.58%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,563.65	15,890.95	23,315.04	1,010.32
1-day	+0.55%	+1.16%	+1.09%	+1.31%
5-day	-1.25%	-2.57%	-1.91%	+0.09%
1-month	-4.25%	+1.42%	-7.63%	-7.89%
3-months	-4.40%	+2.94%	-0.98%	-4.88%
6-months	-1.97%	+5.49%	+3.58%	+0.83%
12-months	+1.70%	+13.31%	+0.76%	+0.24%



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Nymex WTI Crude Oil

(\$US/Bbl)	6-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$90.34	+\$0.60	+0.67%	-4.47%	-3.16%
Cal 15	\$86.71	+\$0.81	+0.95%	-4.25%	-5.73%
Cal 16	\$85.12	+\$0.81	+0.96%	-3.36%	-5.14%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$97.50	\$96.50	\$98.00	\$97.00	\$96.00
Current Forward	\$88.14	\$86.91	\$86.03	\$85.75	\$85.12

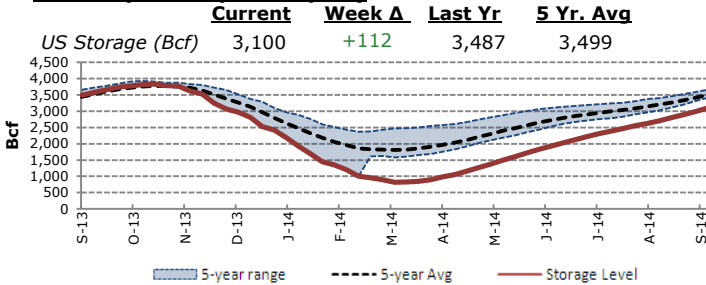
Inventory Levels (as of Sep-26)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	356,635	-1,363	337,426	319,411
Motor Gas	208,488	-1,836	214,389	200,481
Distillates	125,701	-2,894	171,756	140,851

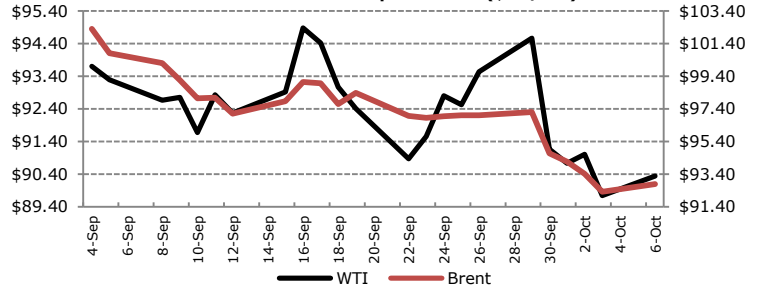
Nymex Natural Gas

(\$US/MMbtu)	6-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.90	-\$0.14	-3.49%	-6.16%	+2.77%
Nov14-Mar15	\$4.00	-\$0.12	-2.98%	-5.47%	-1.77%
Apr15-Oct15	\$3.77	-\$0.06	-1.52%	-3.76%	-2.21%
Nov15-Mar16	\$4.07	-\$0.04	-1.06%	-3.25%	-2.09%
Apr16-Oct16	\$3.90	-\$0.03	-0.81%	-2.68%	-1.95%

Inventory Levels (as of Sep-26)



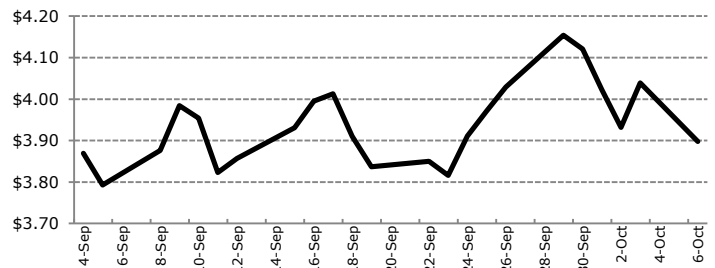
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	6-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.79	+\$0.48	+0.52%	-4.54%	-7.96%

Nat Gas Prompt (\$US/MMbtu)



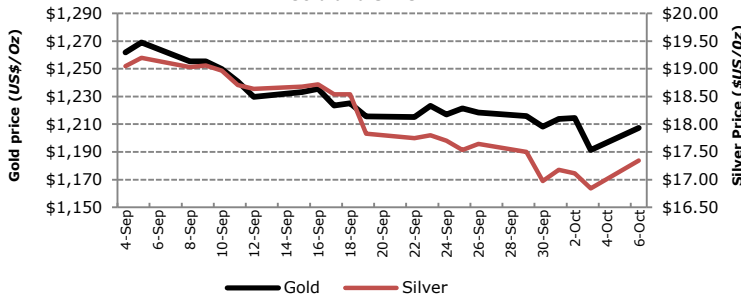
Alberta Natural Gas

(\$CAD/GJ)	6-Oct	day Δ	%Δ
AECO Nov-14	\$3.81	-\$0.20	-4.9%

Precious Metals

\$US/oz	6-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,207.30	+\$15.95	+1.3%	-0.7%	-4.9%	-9.8%
Silver	\$17.34	+\$0.50	+3.0%	-0.9%	-9.7%	-19.1%
Platinum	\$1,245	+\$18.27	+1.5%	-4.7%	-11.7%	-17.6%

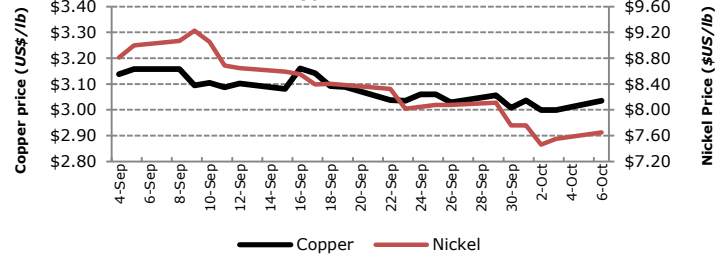
Gold and Silver



Industrial Metals

\$US/lb	6-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.04	+\$0.04	+1.2%	-0.7%	-3.9%	-6.8%
Nickel	\$7.65	+\$0.10	+1.3%	-5.7%	-15.0%	-14.0%
Zinc	\$1.11	-\$0.00	-0.1%	-0.8%	-5.7%	-0.2%
Aluminum	\$0.92	+\$0.01	+1.1%	-1.1%	-8.9%	0.0%
Uranium	\$35.75	+\$0.00	0.0%	+0.7%	+8.3%	+25.9%

Copper and Nickel



Agriculture & Other

	6-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.33	+\$0.09	+2.9%	+2.1%	-6.6%
Wheat (\$US/bu)	\$4.92	+\$0.06	+1.2%	+2.1%	-8.2%
Soybeans (\$US/bu)	\$9.42	+\$0.30	+3.3%	+2.0%	-7.8%
Rough Rice (\$US/cwt)	\$12.71	+\$0.12	+1.0%	-0.2%	+1.7%
Sugar #11 (¢US/lb)	¢16.98	¢0.54	+3.3%	+1.1%	-1.5%
Lean Hogs (¢US/lb)	¢95.88	¢2.85	+3.1%	+1.1%	+0.4%
Live Cattle (¢US/lb)	¢166.30	¢0.43	+0.3%	+1.1%	+3.3%
Cotton No.2 (\$US/lb)	\$0.64	+\$0.02	+3.1%	+4.7%	+0.1%
Lumber (\$US/Mbft)	\$350.20	+\$1.00	+0.3%	+6.5%	+5.5%

Commodity ETFs

	6-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.18	+\$0.07	+1.7%	-8.4%	-5.4%
HBP Nat Gas U	\$10.84	-\$0.72	-6.2%	-10.0%	+1.5%
iShares Gold ETF	\$10.71	+\$0.09	+0.8%	-0.8%	-5.1%
\$USD					
US Crude Oil	\$34.04	+\$0.27	+0.8%	-4.17%	-2.5%
US Nat Gas	\$20.96	-\$0.67	-3.1%	-5.07%	+1.0%
PSDB Agriculture	\$26.44	+\$0.71	+2.8%	2.88%	+0.0%
PSDB Base Metals	\$16.92	+\$0.16	+1.0%	-0.65%	-5.8%

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Interest Rates

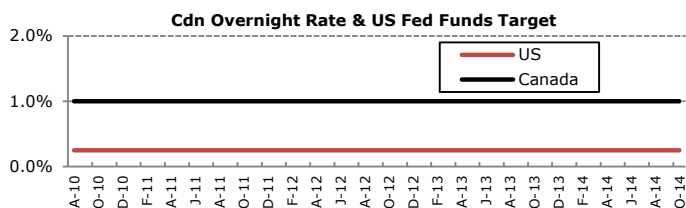
Canadian yield curve

	6-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.91%	-0.01%	0.93%	0.95%	0.97%
6-mnth	0.94%	-	0.96%	0.96%	0.99%
12-mnth	1.00%	-0.00%	1.00%	1.02%	1.06%
2-year	1.11%	-0.02%	1.12%	1.11%	1.19%
5-year	1.58%	-0.02%	1.59%	1.55%	1.89%
10-year	2.09%	-0.00%	2.12%	2.25%	2.58%
20-year	2.56%	-0.01%	2.63%	2.75%	3.05%
30-year	2.60%	-0.01%	2.67%	2.79%	3.12%

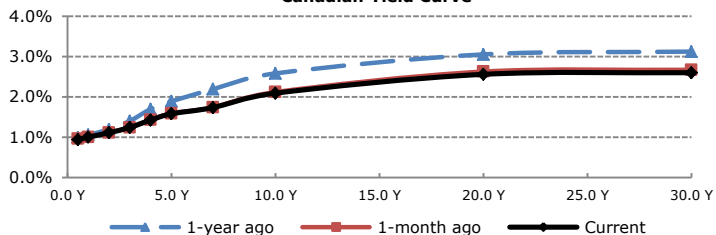
US yield curve

	6-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-	0.03%	0.02%	0.02%
6-mnth	0.04%	-	0.05%	0.05%	0.04%
12-mnth	0.09%	-0.01%	0.09%	0.09%	0.10%
2-year	0.53%	-0.03%	0.51%	0.50%	0.33%
5-year	1.69%	-0.03%	1.69%	1.69%	1.41%
10-year	2.42%	-0.01%	2.46%	2.56%	2.64%
30-year	3.13%	+0.00%	3.23%	3.37%	3.72%

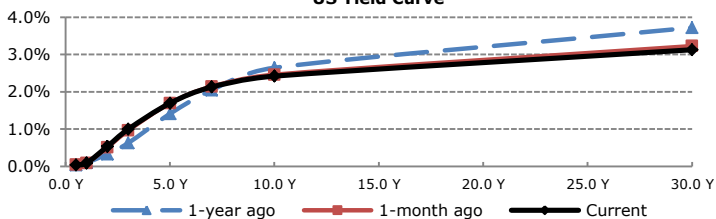
	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	22-Oct-14	1.00%
US Fed Funds	0.25%	0.25%	28-Oct-14	0.25%



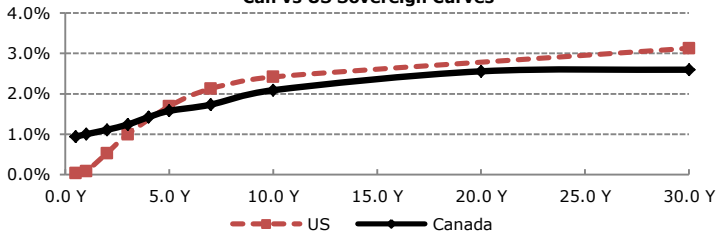
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	6-Oct	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.113	-0.011		1.088	1.065	1.029
EURUSD	\$1.266	+0.014		1.295	1.360	1.356
USDJPY	¥108.78	-0.980		105.09	102.06	97.48
GBPUSD	\$1.608	+0.011		1.633	1.716	1.601
AUDUSD	\$0.876	+0.009		0.938	0.937	0.944

	Spot	6-Oct	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥97.71	+0.102		96.57	95.81	94.68
CADAUD	\$1.025	+0.000		0.980	1.002	1.030
GBPCAD	£1.791	-0.006		1.776	1.828	1.648
EURJPY	¥137.66	+0.300		136.11	138.75	132.14
EURAUD	\$1.44	+0.002		1.38	1.45	1.44

Economic Releases

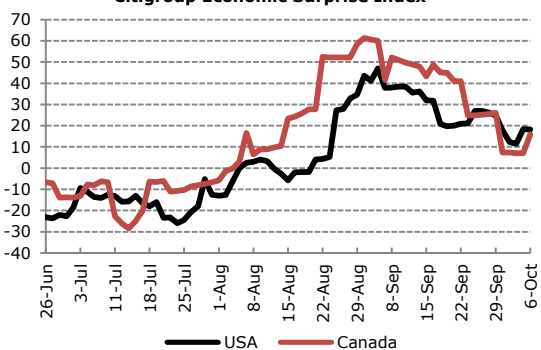
United States

		Period	Survey	Actual	Prior
Thu, Oct 09	Continuing Claims	27-Sep	2410K	--	2398K
Thu, Oct 09	Initial Jobless Claims	4-Oct	295K	--	287K

Canada

		Period	Survey	Actual	Prior
Tue, Oct 07	Building Permits (MoM)	30-Sep	-6.5%	-27.3%	11.8%
Wed, Oct 08	Housing Starts	30-Sep	198K	--	192.4K
Fri, Oct 10	Net Change in Employment	30-Sep	20K	--	-11K
Fri, Oct 10	Unemployment	30-Sep	7%	--	7%

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%

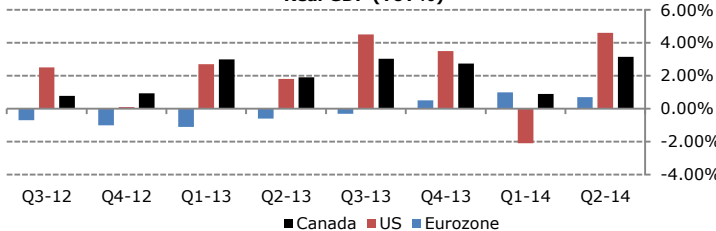
US

Real GDP	4.50%	3.50%	-2.10%	4.60%	1.90%
CPI	1.57%	1.23%	1.40%	2.07%	1.50%
Unemployment	7.20%	6.70%	6.70%	6.10%	7.40%

China

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



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