

Today's Commentary

US markets jumped yesterday as the Fed minutes from the September FOMC meeting were released. The minutes stated that Fed members want to be patient, and that they do not plan to increase US interest rates before they are sure the economy can cope with them. The S&P 500 saw its strongest daily increase in almost a year, jumping 1.75% to 1,968.89, while the Dow rose 1.64% to 16,994.22. The TSX was also up 0.62% to 14,666.47. Despite the news, investor sentiment is doubtful the gains will continue, with weak economic forecasts this week from China, Spain, and Germany. The USD fell on word of the delayed interest rate hike, falling to a two-week low against the euro, and weakening against the yen. Bond yields moved little with US 10s falling to 2.32%, and Canadian 10s to 2.02%.

The released Fed minutes suggest that the strength in the US dollar, along with weak global growth are two factors that could slow the pace of monetary policy normalization. A stronger greenback and further weakening in global demand pose risks to US economic growth as it dampens net exports and helps keep inflation muted. Markets were expecting more hawkish language from the Fed. As a result, the dovish tone set by the minutes encouraged investors to re-enter long positions in stocks. Greater patience regarding interest rate increases by the Fed will also continue to support a resilient Treasury bond market. Bank of America Merrill Lynch index data show that long-dated US Treasuries have returned 19% year to date (including reinvested interest), versus the S&P 500 which has gained only 6.3% over the same horizon.

Courtesy of the recent shale boom the US is currently producing their highest level of oil since 1970, causing supply to grow in the market. The US is expected to add 1.1 million barrels of oil a day to world markets during 2014, increasing supply substantially. The demand for oil is decreasing, as people are beginning to use more fuel-efficient cars and alternative modes of transportation. The combination of decreasing oil demand and increasing oil supply may continue to push prices down over the long-term. As a result, yesterday, the EIA has lowered its crude oil prices forecasts for the next 2 years. WTI crude oil is expected to have an average price of \$94.58 in 2015, down from \$94.67. Brent oil is expected to average around \$101.67 in 2015, down from \$103. There is also speculation that a price war could result between the US and OPEC, who will not want to give up their market share, further depressing prices.

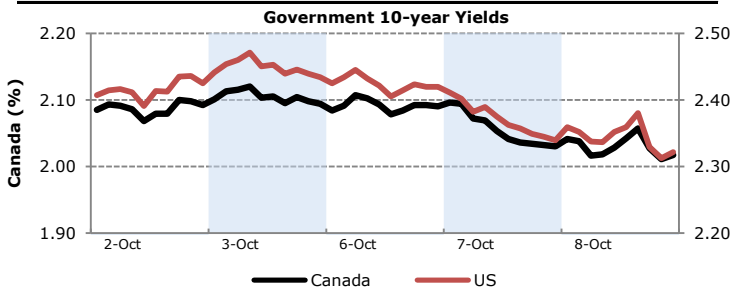
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Initial Jobless Claims	4-Oct	295K	287K	288K

Canada	Period	Survey	Actual	Prior
None Scheduled				

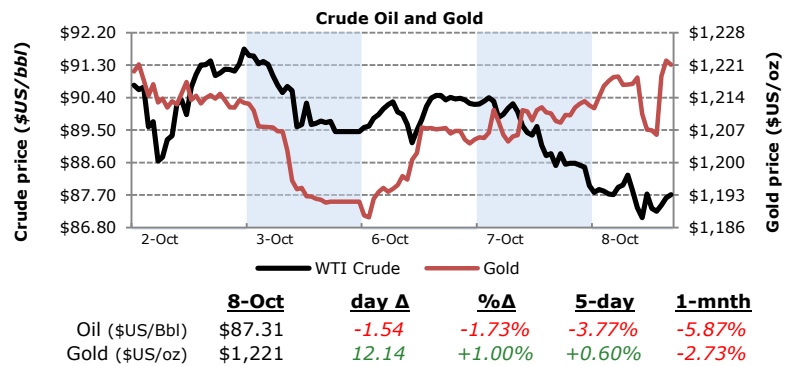
Interest Rates



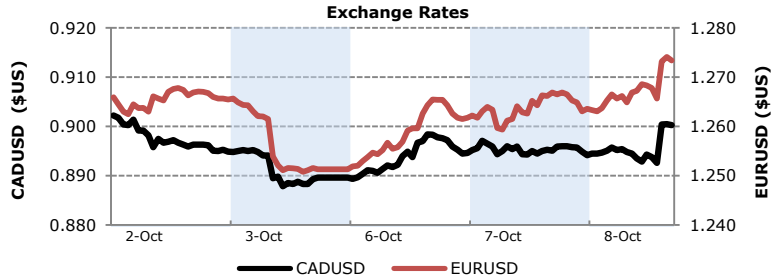
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	8-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.111	-0.007	1.116	1.098	1.037
EURUSD	\$1.273	+0.006	1.262	1.294	1.357
USDJPY	¥108.08	+0.050	108.890	106.20	96.88

Government 10-year Yields

	8-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.02%	-0.013%	2.14%	2.24%	2.56%
United States	2.32%	-0.018%	2.47%	2.54%	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.

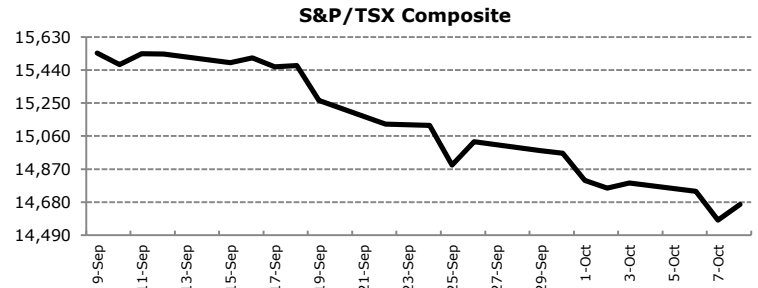
<http://www.rotman.utoronto.ca/financeassociation>

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	8-Oct	day Δ	%Δ
S&P/TSX	14,666.47	90.02	+0.62%

	Trailing S&P/TSX	TSX 60
5-day	-0.94%	-0.97%
1-month	-5.43%	-5.23%
3-months	-3.11%	-2.40%
6-months	+2.05%	+3.26%
12-months	+15.55%	+16.31%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.38%	+0.93%	-4.49%	+20.01%
C. Staples	+1.10%	+1.47%	+0.13%	+26.51%
Energy	-0.90%	-4.72%	-12.19%	+4.76%
Financials	+1.02%	+0.36%	-3.24%	+18.97%
Healthcare	+1.18%	-0.91%	-1.88%	+18.28%
Info Tech	+0.34%	-0.39%	-2.43%	+26.10%
Industrials	-0.19%	-1.02%	-4.14%	+30.64%
Materials	+4.17%	-0.20%	-7.56%	+3.17%
Metals & Mining	+1.39%	-4.40%	-13.88%	-0.05%
Telecom	+0.14%	+1.22%	-2.21%	+7.76%
Utilities	-0.20%	+0.31%	+0.33%	+9.91%

TSX Top Performers

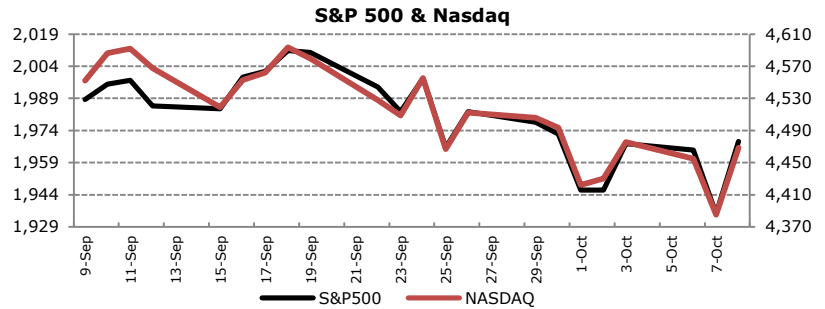
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Torex Gold Resources Inc		+16.44%	+14.09%	+3.03%	+37.10%
Novagold Resources Inc		+14.48%	+0.91%	-17.62%	+42.49%
B2Gold Corp		+13.30%	+6.47%	-2.76%	+1.23%
Alamos Gold Inc		+12.96%	+11.80%	+0.72%	-36.91%
Fortuna Silver Mines Inc		+11.63%	+4.12%	-7.34%	+28.69%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Labrador Iron Ore Royalty		-5.75%	-8.34%	-30.15%	-32.60%
Agf Management Ltd-Class		-5.26%	-5.09%	-16.03%	-13.22%
Bellatrix Exploration Ltd		-5.08%	-6.80%	-20.80%	-25.30%
Just Energy Group Inc		-4.84%	-2.03%	-16.38%	-21.91%
Igm Financial Inc		-4.37%	-6.07%	-14.21%	-5.87%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing 8-Oct	1,968.89	16,994.22	4,468.59
1-day	+1.75%	+1.64%	+1.90%
5-day	+1.17%	+1.13%	+1.05%
1-month	-1.63%	-0.68%	-2.69%
3-months	+0.26%	+0.52%	+1.76%
6-months	+6.31%	+4.54%	+8.65%
12-months	+18.93%	+15.01%	+20.94%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+1.56%	+1.21%	-3.10%	+12.72%
C. Staples	+1.42%	+2.26%	+1.74%	+15.73%
Energy	+1.01%	-0.59%	-7.00%	+7.61%
Financials	+1.81%	+1.42%	-0.74%	+18.78%
Healthcare	+2.52%	+2.25%	+0.97%	+29.58%
Info Tech	+1.98%	+1.08%	-1.45%	+28.66%
Industrials	+1.77%	+0.26%	-3.33%	+14.75%
Materials	+1.31%	-0.49%	-4.20%	+16.53%
Telecom	+0.10%	+0.69%	+0.32%	+9.49%
Utilities	+2.23%	+2.63%	+0.92%	+16.70%

DJIA Top Performers

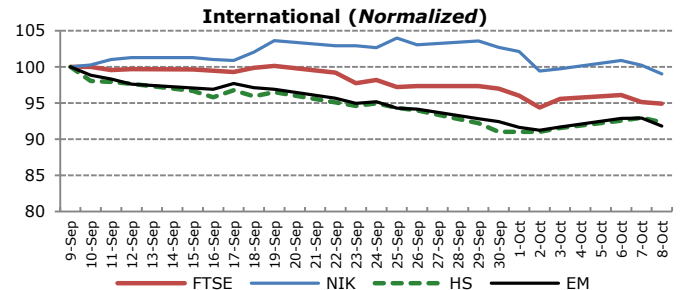
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Merck & Co. Inc.		+2.94%	+2.50%	-1.63%	+26.03%
Unitedhealth Group Inc		+2.89%	+2.05%	-1.29%	+21.18%
Microsoft Corp		+2.75%	+1.92%	+1.90%	+41.71%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Du Pont (E.I.) De Nemours		-0.70%	-2.78%	+3.82%	+20.06%
At&T Inc		-0.51%	+0.54%	+0.00%	+6.16%
Cisco Systems Inc		+0.10%	-1.48%	-1.36%	+8.92%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing Last Close	6,482.24	15,595.98	23,263.33	998.76
1-day	-0.21%	-1.19%	-0.68%	-1.20%
5-day	-1.15%	-3.02%	+0.15%	+0.19%
1-month	-5.16%	-0.69%	-7.65%	-8.79%
3-months	-3.80%	+1.84%	-1.18%	-6.20%
6-months	-1.65%	+6.77%	+2.95%	-1.26%
12-months	+1.83%	+12.24%	+0.36%	-1.00%



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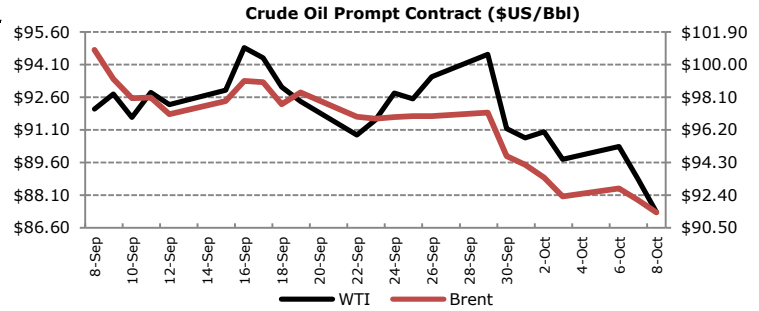
Nymex WTI Crude Oil

(\$US/Bbl)	8-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$87.31	-\$1.54	-1.73%	-3.77%	-5.87%
Cal 15	\$85.14	-\$0.81	-0.94%	-2.76%	-7.79%
Cal 16	\$84.34	-\$0.40	-0.47%	-1.82%	-6.46%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$97.00	\$96.50	\$98.00	\$96.50	\$96.00
Current Forward	\$85.92	\$85.25	\$84.74	\$84.65	\$84.34

Inventory Levels (as of Oct-03)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	361,650	+5,015	337,426	319,411
Motor Gas	209,668	+1,180	214,389	200,481
Distillates	126,140	+439	171,756	140,851

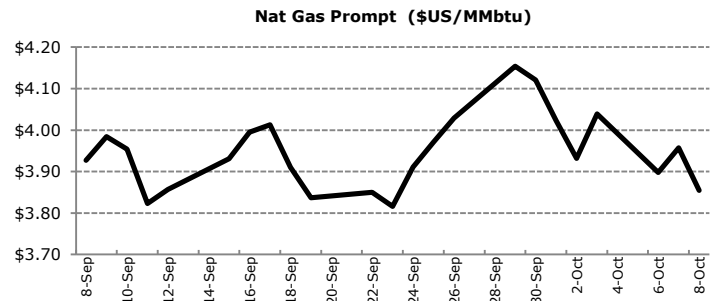
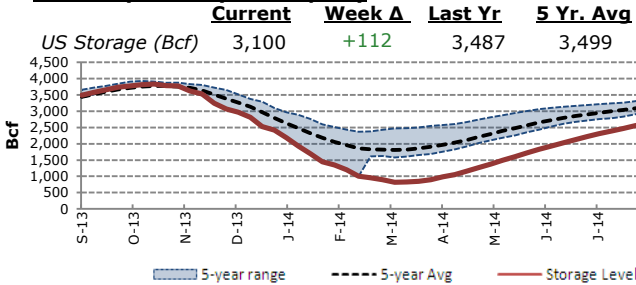


(\$US/Bbl)	8-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$91.38	-\$0.73	-0.80%	-2.95%	-7.85%

Nymex Natural Gas

(\$US/MMbtu)	8-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.86	-\$0.10	-2.58%	-4.18%	-3.24%
Nov14-Mar15	\$3.97	-\$0.10	-2.40%	-3.12%	-3.87%
Apr15-Oct15	\$3.75	-\$0.06	-1.45%	-1.76%	-3.47%
Nov15-Mar16	\$4.05	-\$0.04	-1.05%	-1.66%	-3.13%
Apr16-Oct16	\$3.89	-\$0.03	-0.69%	-1.24%	-2.39%

Inventory Levels (as of Sep-26)

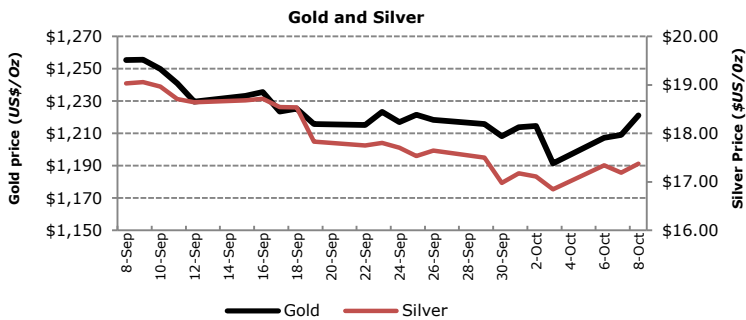


Alberta Natural Gas

(\$CAD/GJ)	8-Oct	day Δ	%Δ
AECO Nov-14	\$3.73	-\$0.11	-3.0%

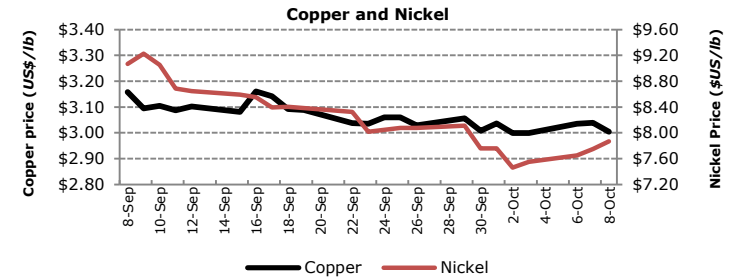
Precious Metals

\$US/oz	8-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,221.12	+\$12.14	+1.0%	+0.6%	-2.7%	-5.6%
Silver	\$17.38	+\$0.19	+1.1%	+1.1%	-8.7%	-16.0%
Platinum	\$1,280	+\$21.35	+1.7%	-0.3%	-8.5%	-13.7%



Industrial Metals

\$US/lb	8-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.00	-\$0.04	-1.2%	-1.1%	-4.9%	-7.3%
Nickel	\$7.87	+\$0.12	+1.6%	+1.4%	-13.2%	-12.6%
Zinc	\$1.14	+\$0.01	+0.7%	+0.7%	-3.1%	-0.2%
Aluminum	\$0.92	+\$0.00	0.0%	-2.1%	-8.0%	-1.1%
Uranium	\$35.80	+\$0.05	+0.1%	+1.4%	+8.8%	+25.6%



Agriculture & Other

	8-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.43	+\$0.03	+0.8%	+6.8%	-0.3%
Wheat (\$US/bu)	\$5.08	+\$0.01	+0.3%	+6.0%	-3.7%
Soybeans (\$US/bu)	\$9.35	-\$0.06	-0.6%	+2.0%	-5.8%
Rough Rice (\$US/cwt)	\$12.63	-\$0.12	-0.9%	-0.1%	+2.2%
Sugar #11 (¢US/lb)	¢16.92	¢0.11	-0.6%	+5.5%	-0.9%
Lean Hogs (¢US/lb)	¢95.18	¢0.83	+0.9%	+0.3%	-3.1%
Live Cattle (¢US/lb)	¢168.05	¢0.20	+0.1%	+1.3%	+3.6%
Cotton No.2 (\$US/lb)	\$0.65	-\$0.00	-0.5%	+4.4%	-1.4%
Lumber (\$US/Mbft)	\$346.10	-\$1.20	-0.3%	+2.5%	+2.5%

Commodity ETFs

	8-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$3.93	-\$0.11	-2.7%	-7.1%	-9.4%
HBP Nat Gas U	\$10.58	-\$0.42	-3.8%	-8.2%	-8.7%
iShares Gold ETF	\$10.87	+\$0.13	+1.2%	+0.8%	-2.7%
\$USD					
US Crude Oil	\$33.00	-\$0.44	-1.3%	-3.37%	-4.9%
US Nat Gas	\$20.68	-\$0.45	-2.1%	-4.08%	-2.2%
PSDB Agriculture	\$26.40	-\$0.01	-0.0%	3.00%	+0.9%
PSDB Base Metals	\$17.04	-\$0.03	-0.2%	1.25%	-5.5%

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Interest Rates

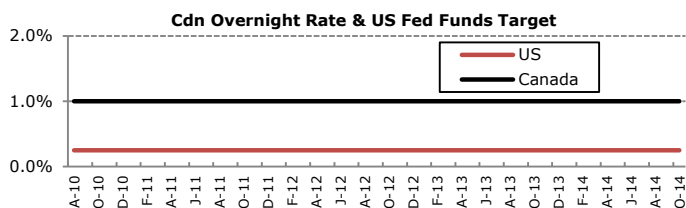
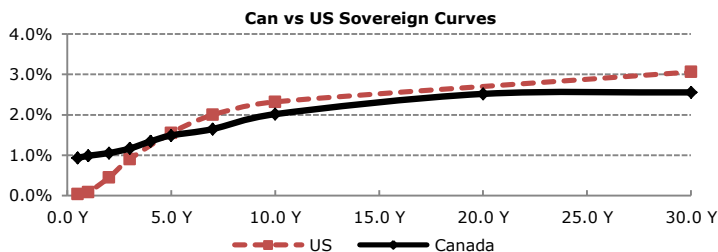
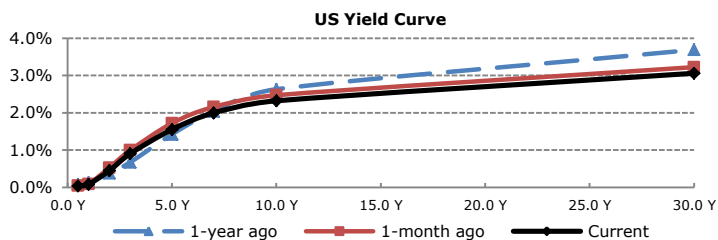
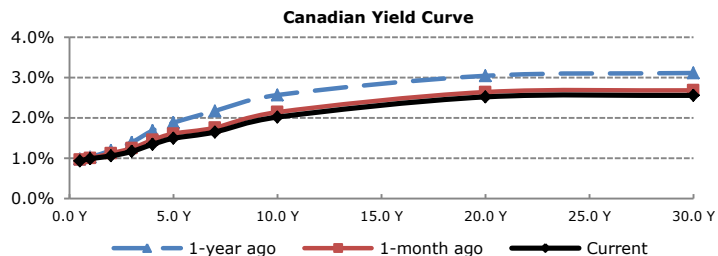
Canadian yield curve

	8-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.90%	-	0.93%	0.94%	0.94%
6-mnth	0.93%	-	0.96%	0.97%	0.98%
12-mnth	0.99%	-0.00%	1.00%	1.01%	1.03%
2-year	1.05%	-0.03%	1.12%	1.12%	1.19%
5-year	1.49%	-0.03%	1.61%	1.55%	1.88%
10-year	2.02%	-0.01%	2.14%	2.24%	2.56%
20-year	2.52%	+0.00%	2.64%	2.75%	3.04%
30-year	2.56%	+0.00%	2.68%	2.79%	3.11%

US yield curve

	8-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.00%	-0.01%	0.02%	0.02%	0.05%
6-mnth	0.04%	-0.01%	0.05%	0.05%	0.08%
12-mnth	0.08%	-0.01%	0.09%	0.09%	0.13%
2-year	0.45%	-0.06%	0.53%	0.45%	0.38%
5-year	1.55%	-0.07%	1.72%	1.65%	1.42%
10-year	2.32%	-0.02%	2.47%	2.54%	2.63%
30-year	3.06%	+0.01%	3.22%	3.37%	3.69%

	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	8-Oct	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.111	-0.007		1.098	1.068	1.037
EURUSD	\$1.273	+0.006		1.294	1.361	1.357
USDJPY	¥108.08	+0.050		106.20	101.57	96.88
GBPUSD	\$1.617	+0.007		1.611	1.713	1.608
AUDUSD	\$0.884	+0.002		0.920	0.940	0.942

	Spot	8-Oct	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥97.31	+0.637		96.68	95.12	93.44
CADAUD	\$1.018	+0.003		0.989	0.996	1.023
GBPCAD	£1.796	-0.003		1.769	1.829	1.668
EURJPY	¥137.63	+0.770		137.40	138.27	131.49
EURAUD	\$1.44	+0.004		1.41	1.45	1.44

Economic Releases

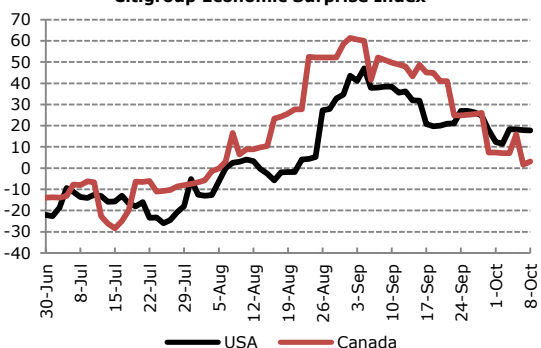
United States

	Period	Survey	Actual	Prior	
Thu, Oct 09	Initial Jobless Claims	4-Oct	295K	287K	288K

Canada

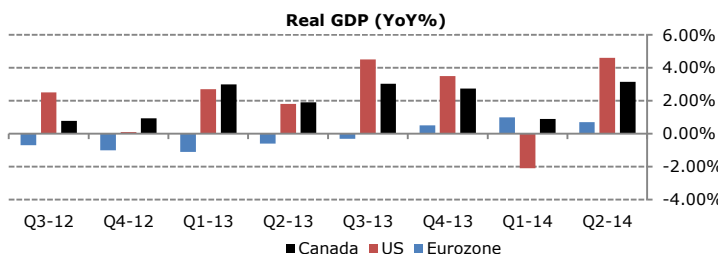
	Period	Survey	Actual	Prior	
Tue, Oct 07	Building Permits (MoM)	31-Aug	-6.5%	-27.3%	11.8%
Wed, Oct 08	Housing Starts	30-Sep	198K	197.343K	192.4K
Fri, Oct 10	Net Change in Employment	30-Sep	20K	--	-11K
Fri, Oct 10	Unemployment	30-Sep	7%	--	7%

Citigroup Economic Surprise Index



Economics

	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%	4.60%	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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