

Today's Commentary

Nervousness in markets sparked a sharp sell-off yesterday amid growing investor concern that weak global growth will weigh heavily on US's economic recovery. The S&P 500 dropped 207bps to 1,928.21, falling in lockstep with the Dow which tumbled 197bps to 16,659.25. At home, the TSX followed suit, retreating 140bps to 14,460.60. Despite the stock market contractions, US and Canadian 10s yields were little changed yesterday, suggesting bond valuations have already become stretched. Canada's Labour Force Survey released this morning indicated that the unemployment rate fell to 6.8% compared to a consensus estimate of 7%, as 74.1K new jobs were created while the labour force participation rate remained constant at 66%; this positive labour market development will likely be bullish for the loonie in today's trading.

The IMF has once again focused its attention on stagnant euro-zone growth, as members from 20 economies started their annual meetings this week in Washington. The EU remains divided on what steps would be best to renew growth within the struggling region. The ECB president Mario Draghi has vowed to loosen monetary policy in the region to help encourage growth, while German finance minister Wolfgang Schaeuble has expressed the need for sovereign budgetary discipline and worries more stimulus will create a serious moral hazard for individual governments. The IMF concerns have come after second quarter growth and inflation have slowed to their lowest levels in nearly 5 years, with growth forecasts cut to 0.8% this year and 1.3% in 2015.

Facing the lowest growth rates since the 2009 recession, the Russian economy is at risk of falling into a second recession. Due to the US and European Union's use of sanctions against Russia, coupled with Russia's suspected involvement in the conflict in Ukraine, capital has continued to leave Russia for the last 17 quarters. Just this year about \$85 billion has left the country. The ruble is also continuing to depreciate. Yesterday the ruble dropped to a record low of 40 rubles per USD. The Russian central bank has recently spent \$1.8 billion of reserves to support the ruble but the sanctions against Russian exports, along with prolonged weak energy prices will likely put further downward pressure on the already fragile currency.

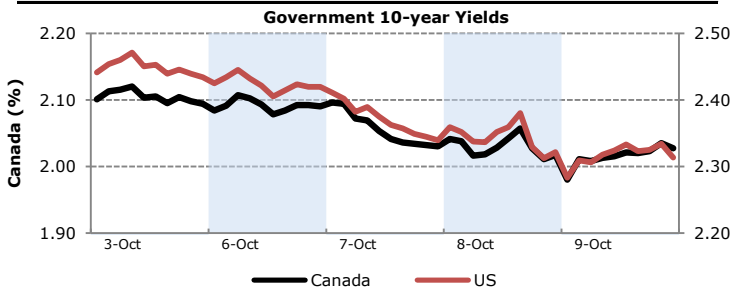
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Gofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

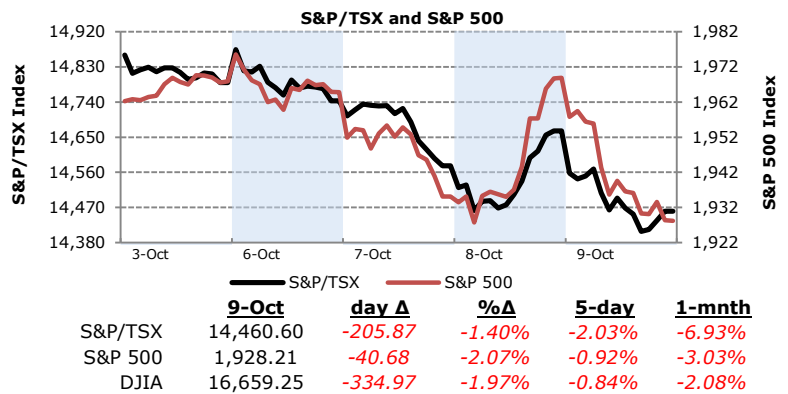
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
Net Change in Employment	30-Sep	20K	74.1K	-11K
Unemployment	30-Sep	7%	6.8%	7%

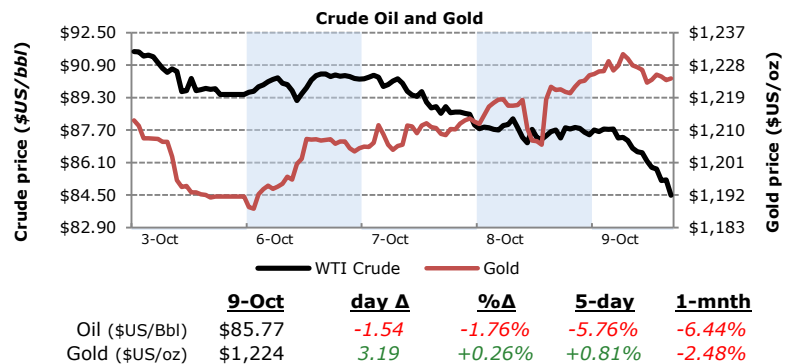
Interest Rates



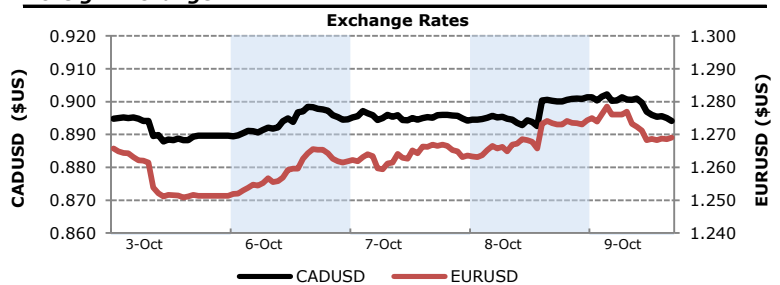
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	9-Oct	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.119		+0.008	1.116	1.094	1.039
EURUSD	\$1.269		-0.004	1.267	1.292	1.352
USDJPY	¥107.84		-0.240	108.420	106.86	97.34

Government 10-year Yields

	9-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.03%	0.010%	2.18%	2.21%	2.58%
United States	2.31%	-0.008%	2.50%	2.52%	2.66%

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.

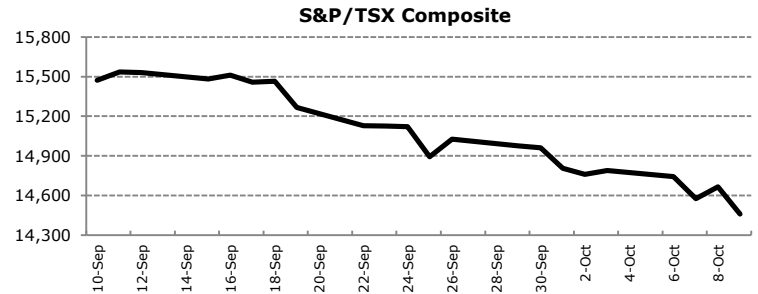
<http://www.rotman.utoronto.ca/financeassociation>

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	9-Oct	day Δ	%Δ
S&P/TSX	14,460.60	-205.87	-1.40%
Trailing S&P/TSX TSX 60			
5-day	-2.03%	-2.03%	
1-month	-6.93%	-6.69%	
3-months	-4.96%	-4.09%	
6-months	+0.17%	+1.54%	
12-months	+13.59%	+14.39%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.56%	+0.24%	-4.88%	+18.91%
C. Staples	-0.65%	+0.54%	+0.40%	+25.24%
Energy	-2.76%	-6.64%	-14.92%	+1.61%
Financials	-0.35%	+0.37%	-3.75%	+18.39%
Healthcare	-2.33%	-1.79%	-3.69%	+15.59%
Info Tech	-0.61%	-0.49%	-2.80%	+25.25%
Industrials	-2.20%	-4.05%	-6.17%	+27.17%
Materials	-2.86%	-2.90%	-10.35%	+0.16%
Metals & Mining	-4.34%	-7.65%	-16.76%	-4.88%
Telecom	+0.16%	+0.59%	-2.48%	+6.86%
Utilities	-0.50%	-0.16%	-0.28%	+9.52%

TSX Top Performers

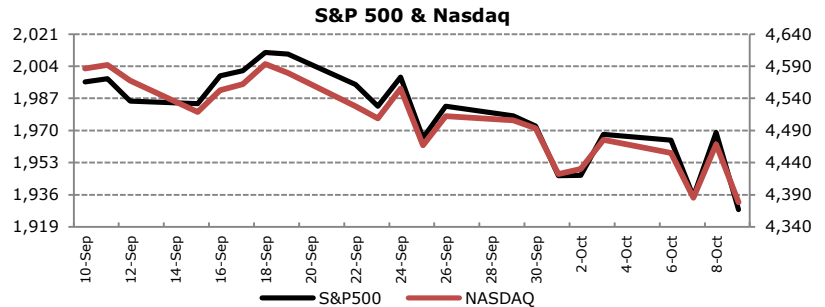
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Novagold Resources Inc		+4.82%	+3.26%	-13.43%	+58.90%
Canadian Tire Corp-Class		+3.07%	+5.10%	+5.93%	+30.07%
Gildan Activewear Inc		+1.66%	+4.17%	+0.50%	+30.76%
Calloway Real Estate Inve		+1.42%	+3.04%	-0.90%	+8.32%
Firstservice Corp		+1.24%	+3.88%	-1.64%	+46.53%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Ithaca Energy Inc		-9.90%	-18.40%	-25.75%	-28.95%
Athabasca Oil Corp		-8.06%	-15.56%	-36.22%	-37.36%
Westport Innovations Inc		-6.94%	-17.32%	-52.33%	-72.62%
Aurico Gold Inc		-6.52%	-1.53%	-10.00%	+2.38%
Bankers Petroleum Ltd		-6.45%	-7.39%	-22.02%	+22.11%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing 9-Oct	1,928.21	16,659.25	4,378.34
1-day	-2.07%	-1.97%	-2.02%
5-day	-0.92%	-0.84%	-1.17%
1-month	-3.03%	-2.08%	-3.82%
3-months	-2.26%	-1.92%	-0.92%
6-months	+2.99%	+1.35%	+4.65%
12-months	+16.41%	+12.54%	+19.05%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-2.27%	-1.46%	-4.36%	+10.57%
C. Staples	-0.93%	+1.17%	+1.10%	+14.53%
Energy	-3.70%	-3.90%	-10.02%	+3.96%
Financials	-2.06%	-0.84%	-1.81%	+15.93%
Healthcare	-1.99%	+0.44%	-0.73%	+27.21%
Info Tech	-1.67%	-0.64%	-2.47%	+26.10%
Industrials	-2.31%	-1.95%	-5.19%	+12.29%
Materials	-2.54%	-2.76%	-5.87%	+13.34%
Telecom	-1.79%	-1.04%	-0.33%	+6.19%
Utilities	-1.65%	+1.05%	+0.45%	+14.27%

DJIA Top Performers

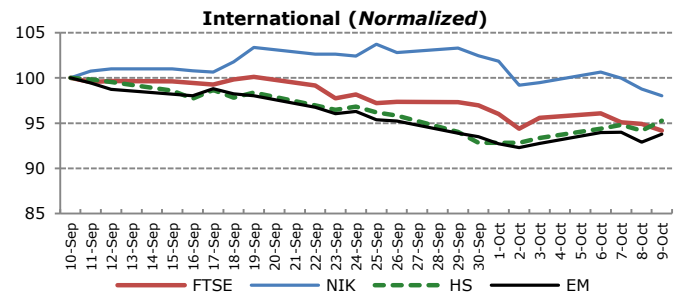
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Wal-Mart Stores Inc		-0.49%	+2.14%	+1.74%	+6.66%
Travelers Cos Inc/The		-0.59%	+0.88%	+0.66%	+14.01%
Procter & Gamble Co/The		-0.62%	+0.73%	+0.41%	+8.72%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Caterpillar Inc		-3.26%	-4.01%	-13.35%	+11.95%
Exxon Mobil Corp		-2.95%	-1.59%	-6.09%	+7.82%
Chevron Corp		-2.92%	-2.22%	-9.27%	-1.39%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing Last Close	6,431.85	15,478.93	23,534.53	1,008.33
1-day	-0.78%	-0.75%	+1.17%	+0.96%
5-day	-0.23%	-1.17%	+2.62%	+1.59%
1-month	-5.82%	-1.72%	-6.57%	-7.28%
3-months	-4.26%	+1.15%	+1.55%	-4.96%
6-months	-3.07%	+8.25%	+3.03%	-0.64%
12-months	+1.48%	+10.27%	+2.17%	+0.26%



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Nymex WTI Crude Oil

(\$US/Bbl)	9-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$85.77	-\$1.54	-1.76%	-5.76%	-6.44%
Cal 15	\$83.91	-\$1.23	-1.44%	-3.72%	-9.01%
Cal 16	\$83.53	-\$0.81	-0.96%	-2.23%	-7.13%

(\$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	\$84.45	\$83.94	\$83.63	\$83.61	\$83.53

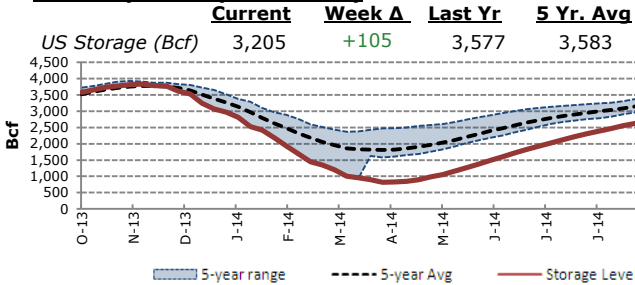
Inventory Levels (as of Oct-03)

(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

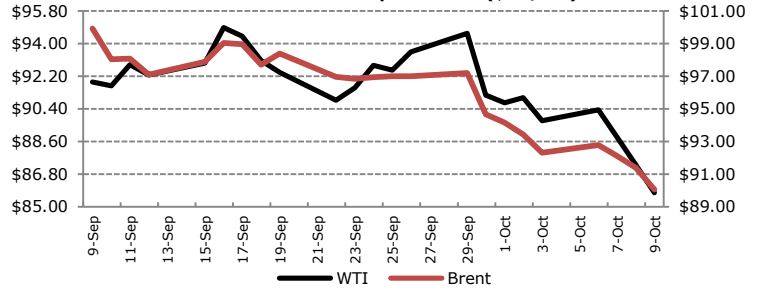
Nymex Natural Gas

(\$US/MMbtu)	9-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.85	-\$0.01	-0.26%	-2.21%	-2.76%
Nov14-Mar15	\$3.95	-\$0.01	-0.32%	-1.64%	-5.11%
Apr15-Oct15	\$3.75	-\$0.00	-0.03%	-0.90%	-3.96%
Nov15-Mar16	\$4.05	+\$0.00	+0.02%	-0.90%	-3.50%
Apr16-Oct16	\$3.90	+\$0.01	+0.21%	-0.64%	-2.85%

Inventory Levels (as of Oct-03)



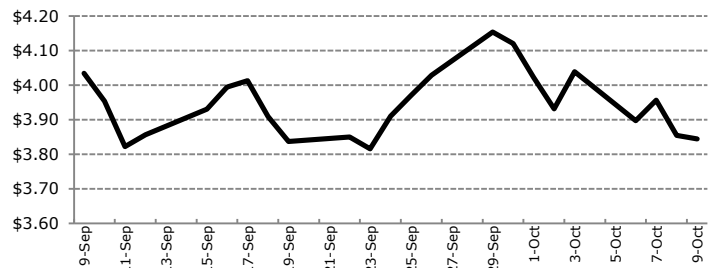
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	9-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$90.05	-\$1.33	-1.48%	-3.61%	-8.15%

Nat Gas Prompt (\$US/MMbtu)



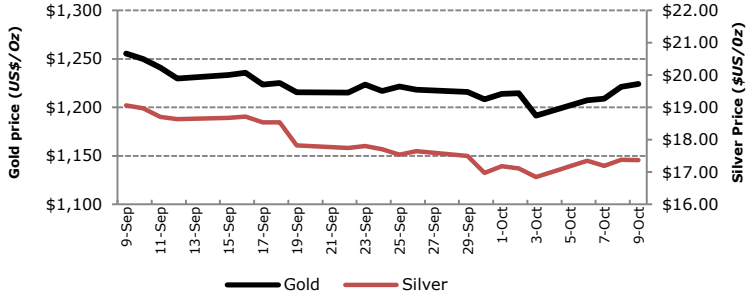
Alberta Natural Gas

(\$CAD/GJ)	9-Oct	day Δ	%Δ
AECO Nov-14	\$3.75	+\$0.02	+0.6%

Precious Metals

\$US/oz	9-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,224.31	+\$3.19	+0.3%	+0.8%	-2.5%	-5.8%
Silver	\$17.36	-\$0.01	-0.1%	+1.5%	-8.9%	-16.4%
Platinum	\$1,275	-\$5.30	-0.4%	+0.5%	-8.1%	-13.8%

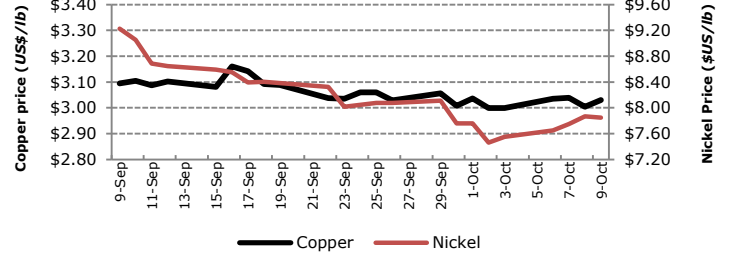
Gold and Silver



Industrial Metals

\$US/lb	9-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.03	+\$0.03	+0.9%	+1.1%	-2.1%	-5.5%
Nickel	\$7.85	-\$0.02	-0.3%	+5.1%	-15.0%	-13.1%
Zinc	\$1.15	+\$0.01	+1.0%	+3.0%	-2.2%	+1.8%
Aluminum	\$0.93	+\$0.01	+1.1%	+1.1%	-7.9%	-1.1%
Uranium	\$35.50	-\$0.30	-0.8%	-0.7%	+7.9%	+24.6%

Copper and Nickel



Agriculture & Other

	9-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.45	+\$0.01	+0.4%	+6.8%	-0.3%
Wheat (\$US/bu)	\$4.93	-\$0.15	-2.9%	+2.2%	-5.1%
Soybeans (\$US/bu)	\$9.42	+\$0.07	+0.7%	+1.9%	-5.2%
Rough Rice (\$US/cwt)	\$12.60	-\$0.03	-0.2%	+0.3%	+2.1%
Sugar #11 (¢US/lb)	¢16.70	¢0.22	-1.3%	+4.0%	-0.3%
Lean Hogs (¢US/lb)	¢95.63	¢0.45	+0.5%	+0.7%	-3.1%
Live Cattle (¢US/lb)	¢165.88	¢2.18	-1.3%	-0.3%	+2.3%
Cotton No.2 (\$US/lb)	\$0.64	-\$0.01	-1.5%	+3.4%	-4.8%
Lumber (\$US/Mbft)	\$345.30	-\$0.80	-0.2%	-0.7%	+3.2%

Commodity ETFs

	9-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$3.72	-\$0.21	-5.3%	-12.7%	-12.7%
HBP Nat Gas U	\$10.61	+\$0.03	+0.3%	-5.2%	-7.7%
iShares Gold ETF	\$10.87	+\$0.00	+0.0%	+0.8%	-2.2%
\$USD					
US Crude Oil	\$32.11	-\$0.89	-2.7%	-6.58%	-7.3%
US Nat Gas	\$20.74	+\$0.06	+0.3%	-2.54%	-4.2%
PSDB Agriculture	\$26.47	+\$0.07	+0.3%	2.52%	+1.3%
PSDB Base Metals	\$17.05	+\$0.01	+0.1%	2.22%	-2.8%

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Interest Rates

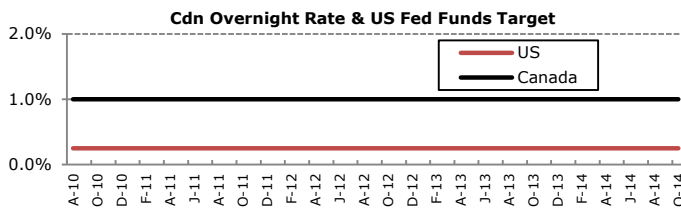
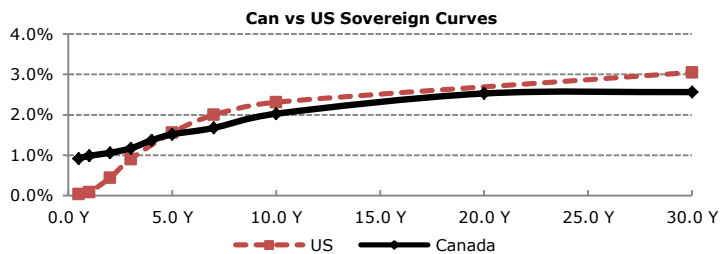
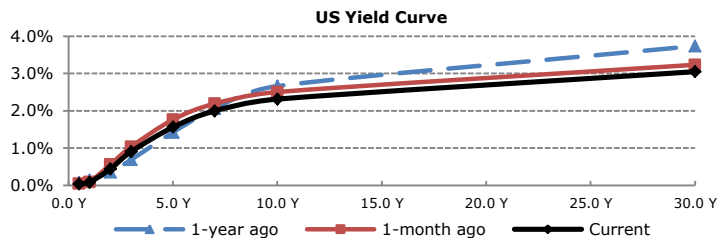
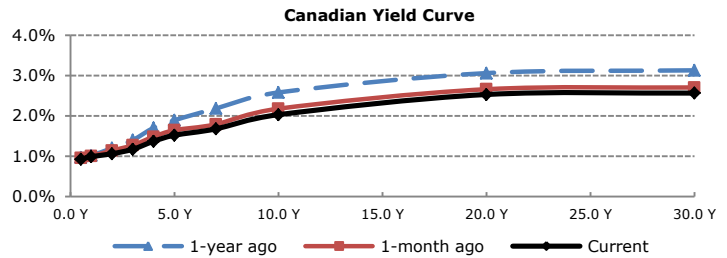
Canadian yield curve

	9-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.93%	0.95%	0.92%
6-mnth	0.92%	-	0.95%	0.98%	0.97%
12-mnth	0.99%	-	1.00%	1.02%	1.02%
2-year	1.06%	+0.00%	1.14%	1.11%	1.20%
5-year	1.52%	+0.03%	1.64%	1.53%	1.89%
10-year	2.03%	+0.01%	2.18%	2.21%	2.58%
20-year	2.53%	+0.01%	2.66%	2.74%	3.06%
30-year	2.56%	+0.01%	2.70%	2.77%	3.13%

US yield curve

	9-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	+0.01%	0.01%	0.02%	0.04%
6-mnth	0.04%	-	0.04%	0.06%	0.08%
12-mnth	0.08%	-	0.09%	0.09%	0.14%
2-year	0.44%	-0.01%	0.56%	0.45%	0.36%
5-year	1.56%	+0.01%	1.76%	1.64%	1.42%
10-year	2.31%	-0.01%	2.50%	2.52%	2.66%
30-year	3.05%	-0.01%	3.23%	3.34%	3.74%

	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	9-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.119	+0.008	1.094	1.065	1.039
EURUSD	\$1.269	-0.004	1.292	1.364	1.352
USDJPY	¥107.84	-0.240	106.86	101.64	97.34
GBPUSD	\$1.612	-0.005	1.621	1.716	1.595
AUDUSD	\$0.878	-0.006	0.916	0.941	0.945

Spot	9-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥96.40	-0.904	97.70	95.42	93.65
CADAUD	\$1.018	-0.000	0.999	0.997	1.019
GBPCAD	£1.803	+0.007	1.773	1.828	1.658
EURJPY	¥136.85	-0.780	138.03	138.65	131.65
EURAUD	\$1.45	+0.005	1.41	1.45	1.43

Economic Releases

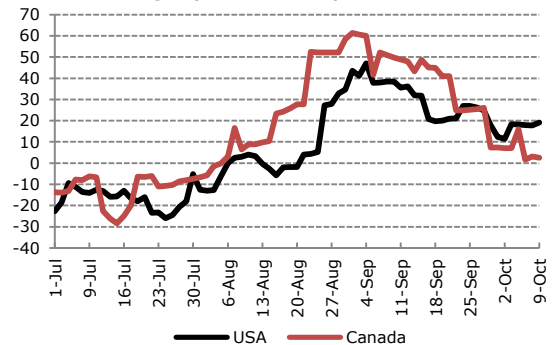
United States

		Period	Survey	Actual	Prior
Thu, Oct 09	Continuing Claims	27-Sep	2410K	2381K	2398K
Thu, Oct 09	Initial Jobless Claims	4-Oct	295K	287K	287K

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	197.34K	192.4K
Fri, Oct 10	Net Change in Employment	30-Sep	20K	-11K	41.7K
Fri, Oct 10	Unemployment	30-Sep	7%	7%	7%

Citigroup Economic Surprise Index

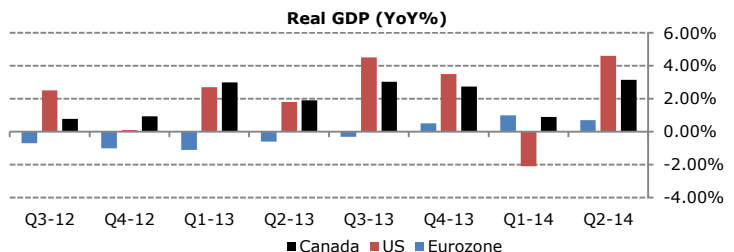


Economics

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	Q3-13	Q4-13	Q1-14	Q2-14	2013E
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	Q3-13	Q4-13	Q1-14	Q2-14	2013E
Real GDP	7.80%	7.70%	7.40%	7.50%	7.70%



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