

Today's Commentary

Friday capped a tumultuous week for markets, as most finished in the red at day's close. The S&P 500 retreated 115bps to 1,906.13 and the DOW fell 69bps to 16,544.10. In Canada, the TSX dropped 161bps, reaching 14,227.36. Notably, the VIX spiked to 21.24, the highest since February on the back of six single-day moves of the S&P 500 above 1% in October. Uncertainty has given rise to October jitters, as an average of 7.9 billion shares a day exchanged hands on US stock markets this past week, the most since November 2011. US and Canadian 10s yields fell slightly, dropping 3bps to 2.28% for the American and 1bps to 2.01% for the Canadian. Corporate third quarter earnings results will be a major market mover this week, with JPMorgan Chase & Co., Citigroup Inc., BlackRock Inc. and Google Inc. among the S&P 500 members expected to report.

Fed Vice Chairman Stanley Fischer's speech during the annual IMF gathering over the weekend echoed the minutes from the September FOMC meeting that the rising concerns of slowing growth in the global economy may delay the timing of an interest-rate increase. Markets have reflected these concerns with fed funds futures data compiled by Bloomberg indicating that only 33% of traders believe rates will rise by July 2015, down from 59% in mid September. Fed officials are adapting their plan for monetary tightening around a reduction of investment in foreign economies and a strengthening US dollar which could harm exports and curtail inflation. Of additional concern to the Fed is the uncertainty of policy conflicts involving the BOJ and the ECB as they seek to stimulate their economies' growth. "Central banks are moving in different directions for entirely appropriate reasons," stated San Francisco Fed President John Williams, "It's the cross-currents that really drive ... the uncertainty and some of that risk out there in global markets."

Germany, Europe's engine of growth, is sputtering. The DAX slipped again on Friday, falling 240bps to a one year low of 8,788.81, and has already declined 8% this year. This week's tumble is due in part to unexpectedly poor economic data; August exports and industrial production fell 5.8% and 4% respectively. "The reassessment of global growth prospects has damaged the more cyclical parts of the market, such as the DAX," said Ian Scott, chief of global equity strategy at Barclays. Downside pressures on the DAX have been magnified by its composition of largely cyclical stocks that are sensitive to growth in Germany and abroad. Germany's economy already contracted 0.2% in the second quarter and the latest string of data indicates a potential negative reading in the third quarter which would put it in a technical recession.

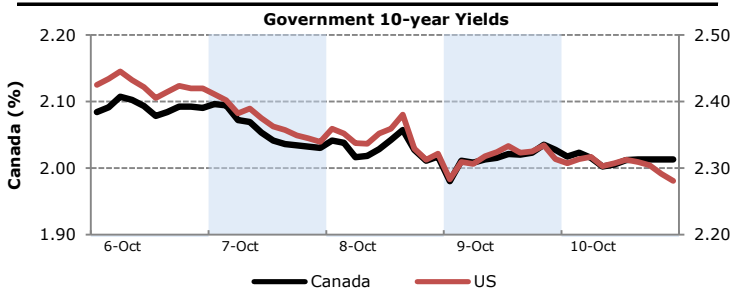
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

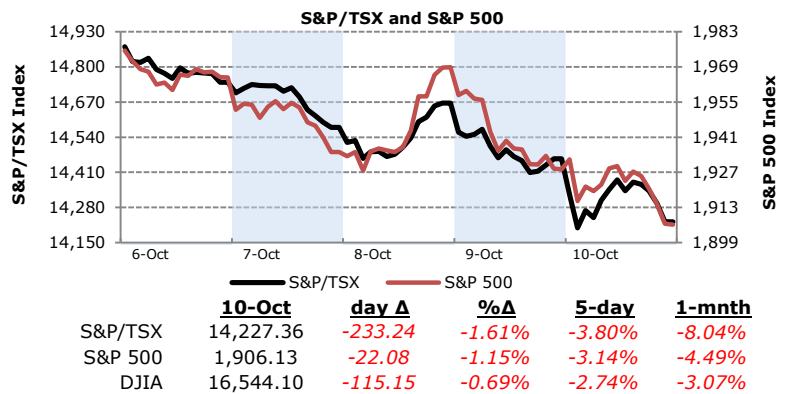
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

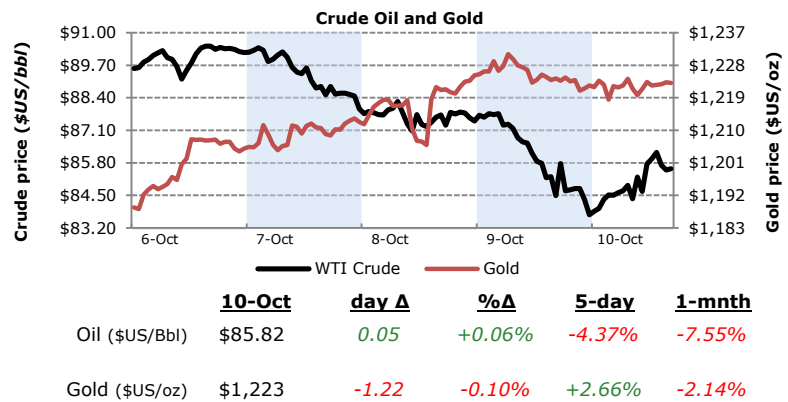
Interest Rates



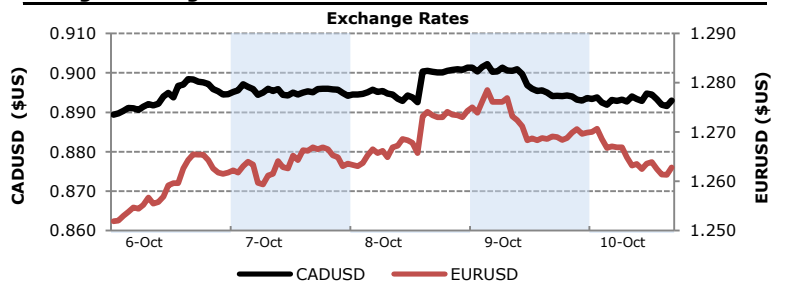
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	10-Oct	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.120		+0.001	1.124	1.104	1.040
EURUSD	\$1.263		-0.006	1.252	1.293	1.352
USDJPY	¥107.66		-0.180	109.760	107.11	98.16

Government 10-year Yields

	10-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.01%	-0.014%	2.21%	2.21%	2.59%
United States	2.28%	-0.033%	2.54%	2.52%	2.68%

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/>



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.

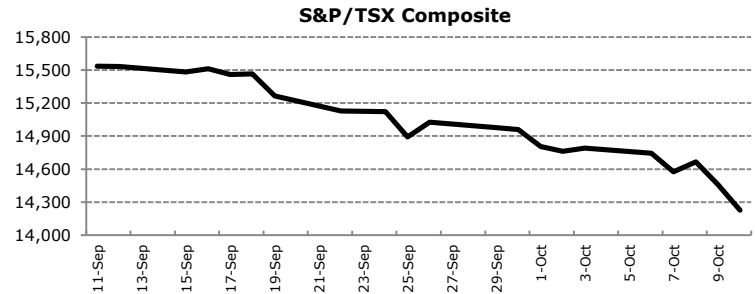
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	10-Oct	day Δ	%Δ
S&P/TSX	14,227.36	-233.24	-1.61%
Trailing S&P/TSX TSX 60			
5-day	-3.80%	-3.81%	
1-month	-8.04%	-7.81%	
3-months	-5.87%	-5.06%	
6-months	-0.56%	+0.85%	
12-months	+10.34%	+10.97%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.64%	-2.90%	-6.19%	+15.09%
C. Staples	-0.79%	-1.23%	-0.09%	+22.79%
Energy	-1.80%	-7.83%	-15.91%	-2.13%
Financials	-1.52%	-1.56%	-5.30%	+14.81%
Healthcare	-1.73%	-5.35%	-4.90%	+10.70%
Info Tech	-1.77%	-3.08%	-4.57%	+21.42%
Industrials	-2.66%	-7.90%	-7.99%	+22.07%
Materials	-1.82%	-2.24%	-11.04%	-1.32%
Metals & Mining	-1.46%	-7.74%	-17.22%	-7.78%
Telecom	-1.45%	-1.24%	-3.72%	+4.40%
Utilities	-1.59%	-2.03%	-1.65%	+6.58%

TSX Top Performers

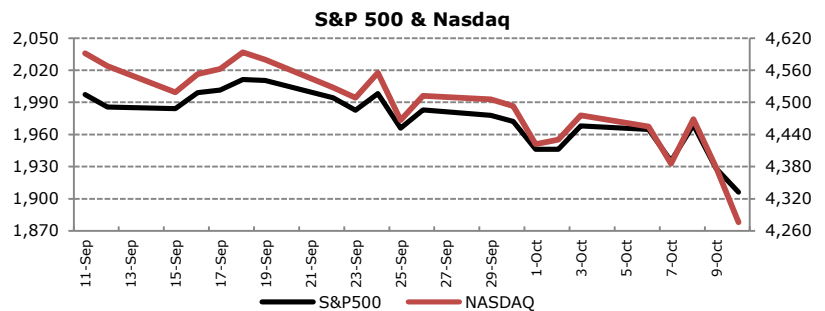
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Fortuna Silver Mines Inc	+7.49%	+20.10%	-2.33%	+36.41%
Labrador Iron Ore Royalty	+3.88%	-8.57%	-27.32%	-34.03%
Surge Energy Inc	+1.89%	-3.28%	-19.10%	+6.40%
Pembina Pipeline Corp	+1.74%	-3.39%	-13.42%	+36.47%
Capstone Mining Corp	+1.52%	-5.63%	-22.99%	-21.48%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Novagold Resources Inc	-10.63%	+0.97%	-22.06%	+43.32%
Calfrac Well Services Ltd	-8.43%	-15.45%	-26.42%	-11.69%
Amaya Gaming Group Inc	-8.33%	-10.80%	-16.16%	+267.65%
Trican Well Service Ltd	-5.99%	-10.88%	-24.28%	-22.73%
Avigilon Corp	-5.70%	-17.80%	-26.10%	-26.61%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
10-Oct	1,906.13	16,544.10	4,276.24
1-day	-1.15%	-0.69%	-2.33%
5-day	-3.14%	-2.74%	-4.45%
1-month	-4.49%	-3.07%	-6.77%
3-months	-2.98%	-2.19%	-2.73%
6-months	+3.99%	+2.31%	+5.48%
12-months	+12.62%	+9.37%	+13.71%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.87%	-3.58%	-5.51%	+7.17%
C. Staples	+0.50%	+0.54%	+1.16%	+12.97%
Energy	-1.18%	-5.03%	-10.81%	+1.00%
Financials	-0.82%	-3.06%	-3.01%	+11.72%
Healthcare	-0.72%	-2.21%	-2.10%	+23.42%
Info Tech	-2.79%	-4.15%	-5.97%	+20.47%
Industrials	-1.48%	-4.69%	-6.68%	+7.74%
Materials	-1.52%	-4.54%	-7.31%	+9.36%
Telecom	-0.62%	-2.60%	-0.70%	+4.08%
Utilities	+0.51%	+0.94%	+1.36%	+13.18%

DJIA Top Performers

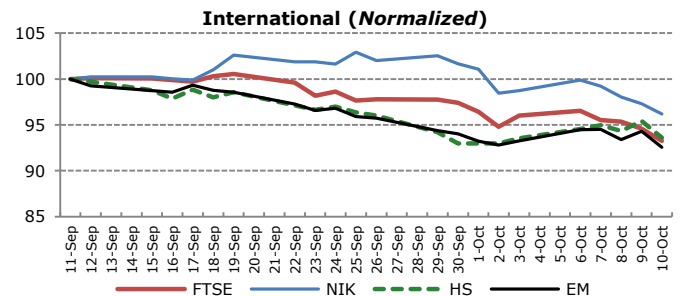
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Coca-Cola Co/The	+1.37%	+3.42%	+6.03%	+17.71%
Procter & Gamble Co/The	+1.23%	+1.07%	+2.05%	+8.73%
Walt Disney Co/The	+0.65%	-2.46%	-3.72%	+31.55%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Intel Corp	-5.09%	-6.23%	-8.59%	+38.02%
Microsoft Corp	-3.97%	-4.47%	-5.84%	+30.38%
Cisco Systems Inc	-3.51%	-7.78%	-6.11%	+1.39%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,339.97	15,300.55	23,088.54	989.87
1-day	-1.43%	-1.15%	-1.90%	-1.83%
5-day	-2.88%	-2.60%	+0.10%	-0.74%
1-month	-7.18%	-3.09%	-6.54%	-7.94%
3-months	-4.98%	+0.55%	-0.65%	-6.82%
6-months	-4.55%	+7.00%	-0.42%	-3.12%
12-months	-1.41%	+7.79%	+0.60%	-2.38%



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Interest Rates

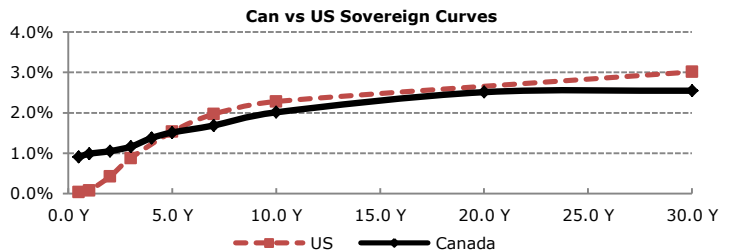
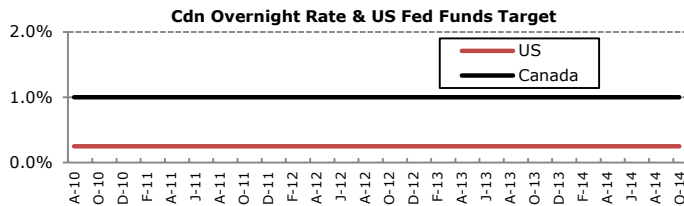
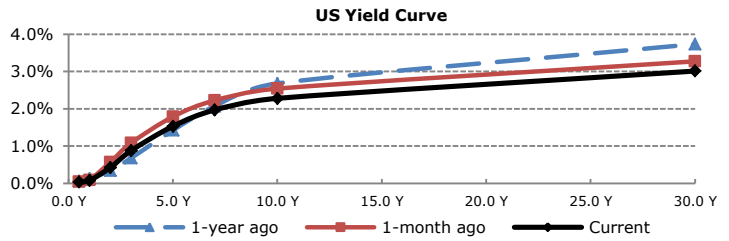
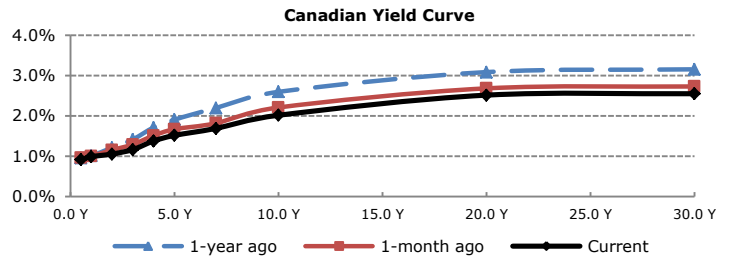
Canadian yield curve

	10-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.93%	0.95%	0.92%
6-mnth	0.91%	-	0.96%	0.98%	0.95%
12-mnth	0.99%	-0.00%	1.00%	1.02%	1.01%
2-year	1.05%	-0.01%	1.15%	1.11%	1.21%
5-year	1.51%	-0.00%	1.67%	1.53%	1.90%
10-year	2.01%	-0.01%	2.21%	2.21%	2.59%
20-year	2.51%	-0.02%	2.68%	2.74%	3.08%
30-year	2.55%	-0.02%	2.73%	2.77%	3.15%

US yield curve

	10-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-	0.02%	0.02%	0.05%
6-mnth	0.04%	-	0.04%	0.06%	0.07%
12-mnth	0.08%	-0.01%	0.09%	0.09%	0.13%
2-year	0.42%	-0.02%	0.57%	0.45%	0.34%
5-year	1.53%	-0.03%	1.79%	1.64%	1.42%
10-year	2.28%	-0.03%	2.54%	2.52%	2.68%
30-year	3.01%	-0.04%	3.27%	3.34%	3.73%

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



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	10-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.120		+0.001	1.104	1.065	1.040
EURUSD	\$1.263		-0.006	1.293	1.361	1.352
USDJPY	¥107.66		-0.180	107.11	101.34	98.16
GBPUSD	\$1.608		-0.004	1.626	1.713	1.597
AUDUSD	\$0.869		-0.010	0.910	0.940	0.945

	Spot	10-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥96.13		-0.276	97.05	95.15	94.39
CADAUD	\$1.028		+0.010	0.996	1.000	1.017
GBPCAD	£1.800		-0.003	1.794	1.825	1.661
EURJPY	¥135.96		-0.890	138.43	137.91	132.71
EURAUD	\$1.45		+0.009	1.42	1.45	1.43

Economic Releases

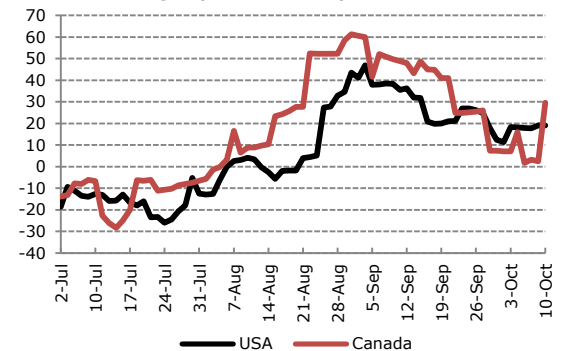
United States

		Period	Survey	Actual	Prior
Wed, Oct 15	Advance Retail Sales	30-Sep	-0.1%	--	0.6%
Thu, Oct 16	Industrial Production	30-Sep	0.4K	--	-0.1K
Thu, Oct 16	Continuing Claims	4-Oct	2380K	--	2381K
Thu, Oct 16	Initial Jobless Claims	11-Oct	290K	--	287K
Fri, Oct 17	Housing Starts	30-Sep	1005K	--	956K

Canada

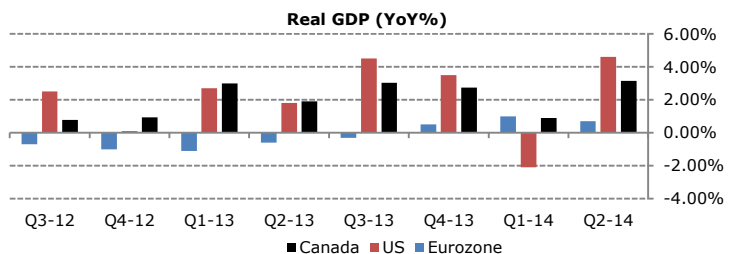
		Period	Survey	Actual	Prior
Thu, Oct 16	Manufacturing Sales (MoM)	31-Aug	-1.6%	--	2.5%
Fri, Oct 17	BOC CPI Core (YoY)	30-Sep	2.1%	--	2.1%
Fri, Oct 17	Consumer Price Index	30-Sep	2%	--	2.1%

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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