

## Today's Commentary

Canadian markets continued to plummet yesterday, while US markets remained relatively still. The TSX dropped 134 bps to 14,036.68, with the Dow falling 4bps to 16,315.19, and the S&P 500 gaining 16bps to 1877.70. The Stoxx Europe continued its decline, falling 1.1% yesterday, as uncertainties in the Eurozone continue. The falling oil prices are a large contributing factor as the index's domestic energy producers followed. The currencies of oil producing countries also took a hit yesterday, as oil has fallen to its lowest levels in 4 years to \$81.84 per barrel. Yields on American 10s declined 4bps to 2.16%, while Canadian 10s fell 3bps 1.93%.

Despite a reprieve for investors on the S&P 500 yesterday, the TSX was not spared from another sell-off. The Canadian index has contracted over 10% from its record high in early September, putting it into correction territory. The energy sector in particular has been battered, having fallen 7% in just the last week due to depressed oil prices. The volatility in commodity prices have spooked investors from investing in Canadian securities in recent weeks, putting further downside pressure on the loonie which fell 26bps to 88.45 cents US, its lowest level since mid-2009. Canadian financials, another heavily weighted sector in the TSX fell 1.1%. With Canadian consumers much more leveraged than their American counterparts, Canada's big banks face the need to diversify their operations, while taking into account slower expected future growth on the Canadian retail side.

Even as the IMF cuts forecasts for global growth, the US's \$16.8 trillion economy stands strong on the back of its consumer spending. American households have the falling price of oil, lower borrowing rates, and increased employment numbers to thank for the increase in disposable income, which has allowed consumption to grow an average of 2% a year since 2009. This is good news for the US, as nearly 70% of its economy is driven by consumer spending, which is projected to grow upwards of 2.7% in 2015. However, this buoyant consumer sentiment could be counterbalanced by the delayed effects of reduced net exports due to an appreciating dollar, causing a decrease in manufacturing, declines in multinational corporation profits, and slower job creation. Even with this dark cloud on the horizon, the US economy appears resilient for the foreseeable future. US retail sales for September will be released today and are expected to support this outlook, though low gasoline and vehicle numbers are expected to have a muting effect.

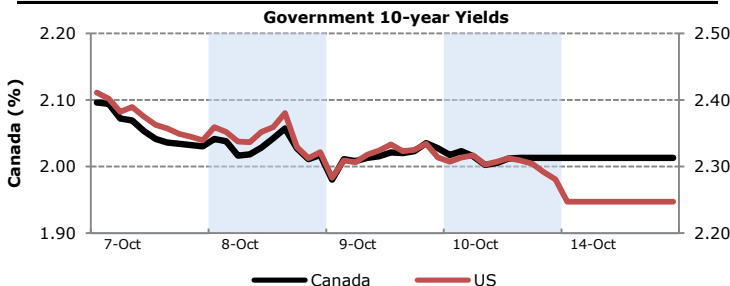
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

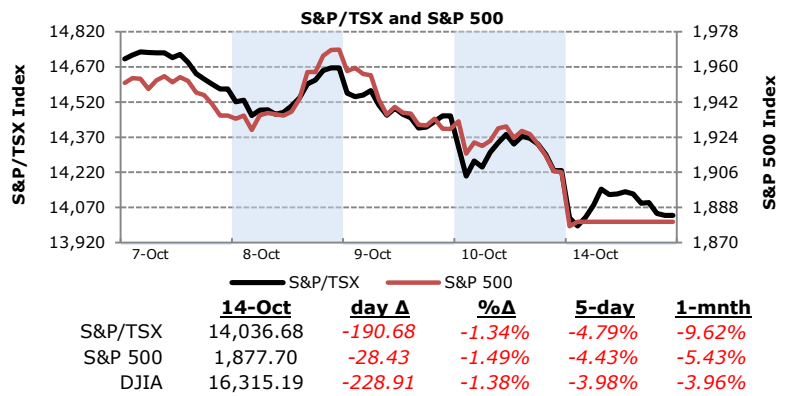
United States	Period	Survey	Actual	Prior
Advance Retail Sales	31-Oct	-0.1%	-0.3%	0.6%
Industrial Production	30-Sep	0.4K	--	-0.1K
Continuing Claims	4-Oct	2380K	--	2381K

Canada	Period	Survey	Actual	Prior
None Scheduled				

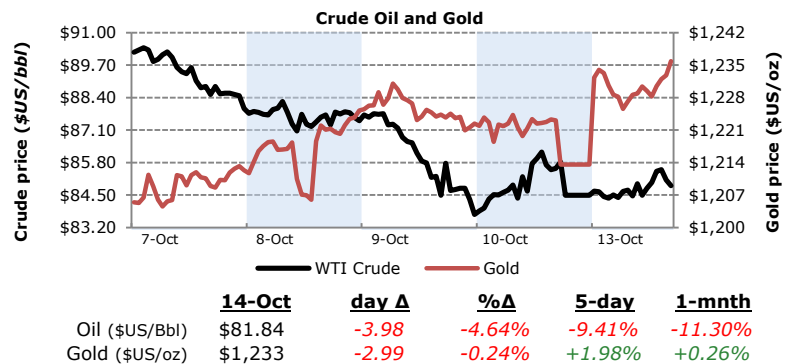
## Interest Rates



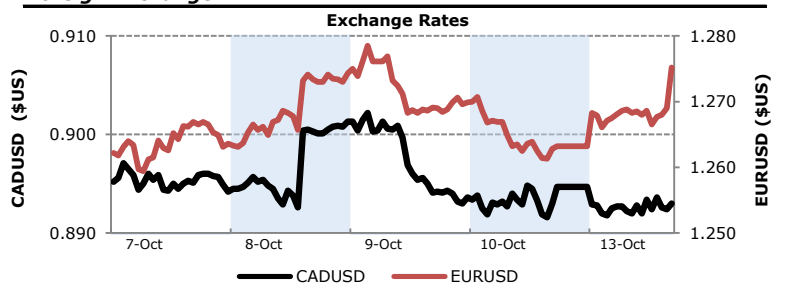
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	14-Oct	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.130		+0.010	1.113	1.109	1.035
EURUSD	\$1.266		+0.003	1.266	1.296	1.354
USDJPY	¥107.05		-0.610	108.780	107.34	98.58

Government 10-year Yields

	14-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.94%	-0.070%	2.24%	2.20%	2.60%
United States	2.20%	-0.083%	2.61%	2.53%	2.69%

## 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



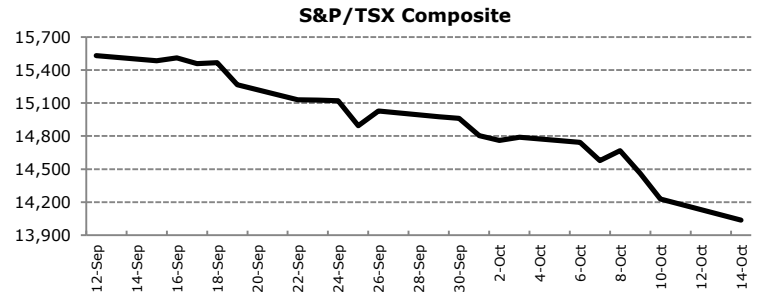
The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

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

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	<b>14-Oct</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	14,036.68	-190.68	-1.34%
<b>Trailing S&amp;P/TSX TSX 60</b>			
5-day	-4.79%	-4.78%	
1-month	-9.62%	-9.48%	
3-months	-7.48%	-6.87%	
6-months	-1.73%	-0.32%	
12-months	+8.88%	+9.51%	



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.38%	-3.66%	-7.78%	+13.40%
C. Staples	-1.05%	-1.51%	-1.74%	+21.64%
Energy	-3.71%	-10.61%	-18.80%	-6.19%
Financials	-1.08%	-2.58%	-6.95%	+13.08%
Healthcare	-0.54%	-5.01%	-6.85%	+10.59%
Info Tech	-0.65%	-3.46%	-7.19%	+20.15%
Industrials	-0.79%	-7.65%	-8.77%	+21.64%
Materials	+2.00%	-0.81%	-10.48%	+2.46%
Metals & Mining	+0.39%	-7.28%	-19.21%	-7.43%
Telecom	-0.73%	-2.13%	-4.06%	+3.97%
Utilities	-0.05%	-1.49%	-1.74%	+5.15%

### TSX Top Performers

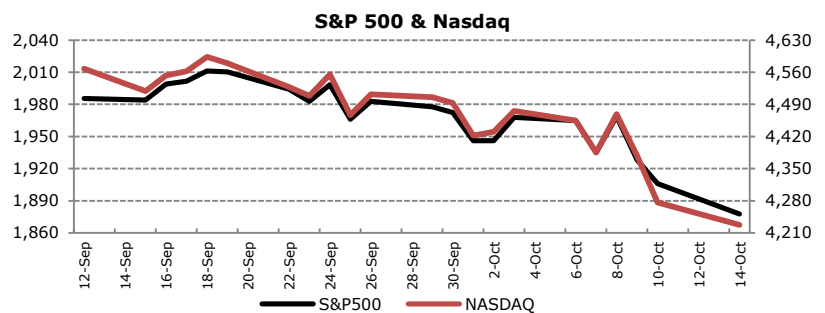
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Pretium Resources Inc	+18.44%	+16.96%	-6.96%	+32.86%
Aurico Gold Inc	+11.67%	+9.64%	+0.48%	+18.29%
Detour Gold Corp	+8.61%	+11.64%	-8.54%	+23.96%
Alacer Gold Corp	+7.08%	+7.58%	+5.58%	-22.17%
Centerra Gold Inc	+6.65%	+12.74%	+2.60%	+40.50%

### 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>
Ithaca Energy Inc	-11.83%	-25.87%	-35.50%	-38.68%
Crew Energy Inc	-9.88%	-18.96%	-29.43%	+33.33%
Amaya Gaming Group Inc	-8.55%	-18.66%	-28.25%	+227.05%
Talisman Energy Inc	-8.46%	-17.37%	-29.79%	-39.69%
Torc Oil & Gas Ltd	-8.32%	-12.18%	-29.53%	+11.59%

### US Indices

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
14-Oct	1,877.70	16,315.19	4,227.17
1-day	-1.49%	-1.38%	-1.15%
5-day	-4.43%	-3.98%	-5.11%
1-month	-5.43%	-3.96%	-7.45%
3-months	-5.03%	-4.34%	-4.80%
6-months	+2.57%	+0.88%	+5.08%
12-months	+9.80%	+6.63%	+10.80%



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.41%	-4.40%	-6.59%	+4.45%
C. Staples	-1.45%	-0.98%	+0.40%	+10.61%
Energy	-4.05%	-8.99%	-13.18%	-4.67%
Financials	-0.41%	-3.31%	-3.59%	+10.14%
Healthcare	-3.13%	-4.90%	-4.19%	+18.25%
Info Tech	-0.97%	-5.06%	-6.59%	+17.72%
Industrials	-0.27%	-4.63%	-6.65%	+6.61%
Materials	-2.29%	-6.66%	-8.83%	+5.94%
Telecom	-1.29%	-4.24%	-1.38%	+3.11%
Utilities	+0.88%	+1.83%	+3.26%	+14.31%

### DJIA Top Performers

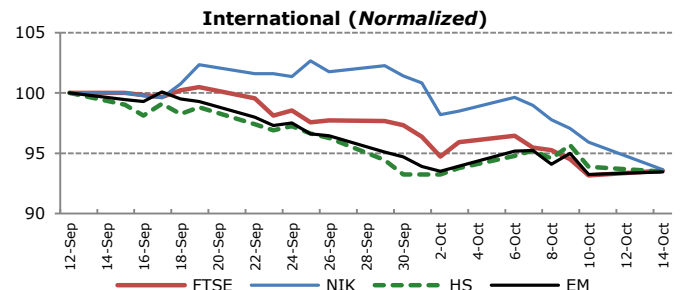
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Intel Corp	+0.72%	-5.78%	-7.16%	+41.80%
Boeing Co/The	+0.65%	-3.14%	-3.67%	+4.53%
3M Co	+0.26%	-4.39%	-6.78%	+13.16%

### 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>
Johnson & Johnson	-4.17%	-7.49%	-7.24%	+11.08%
Merck & Co. Inc.	-3.97%	-5.45%	-5.41%	+24.36%
Chevron Corp	-3.61%	-7.04%	-10.50%	-4.20%

### International Markets

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	6,392.68	14,936.51	23,047.97	992.08
1-day	+0.42%	-2.38%	-0.41%	+0.22%
5-day	-1.58%	-6.01%	-1.60%	-1.81%
1-month	-6.09%	-6.34%	-6.29%	-6.54%
3-months	-5.24%	-2.36%	-1.28%	-6.73%
6-months	-2.90%	+7.38%	+0.04%	-1.94%
12-months	-1.77%	+3.69%	-0.32%	-2.99%



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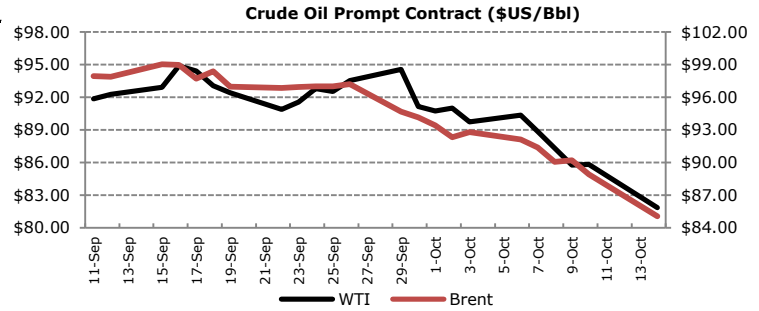
### Nymex WTI Crude Oil

(\$US/Bbl)	14-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$81.84	-\$3.98	-4.64%	-9.41%	-11.30%
Cal 15	\$80.07	-\$3.83	-4.56%	-7.66%	-13.81%
Cal 16	\$80.95	-\$2.61	-3.12%	-4.90%	-9.97%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$97.00	\$96.50	\$98.00	\$96.50	\$95.00
Current Forward	\$80.43	\$79.88	\$79.82	\$80.13	\$80.95

### 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

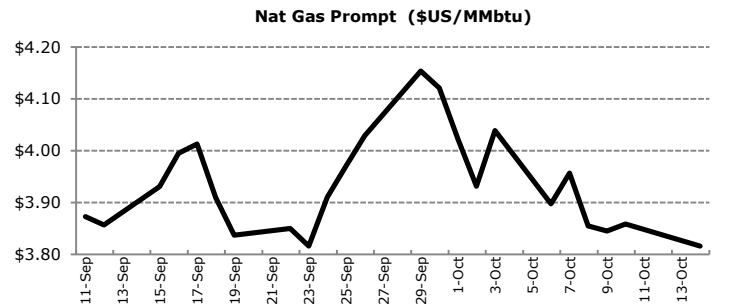
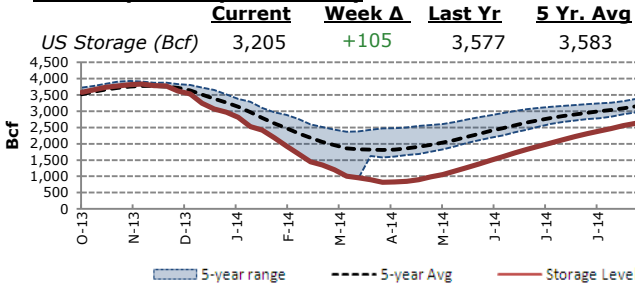


(\$US/Bbl)	14-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$85.04	-\$3.85	-4.53%	-7.68%	-13.12%

### Nymex Natural Gas

(\$US/MMbtu)	14-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.82	-\$0.04	-1.11%	-2.10%	-1.06%
Nov14-Mar15	\$3.92	-\$0.05	-1.26%	-2.02%	-6.74%
Apr15-Oct15	\$3.71	-\$0.04	-0.94%	-1.44%	-5.07%
Nov15-Mar16	\$4.02	-\$0.03	-0.70%	-1.18%	-4.31%
Apr16-Oct16	\$3.87	-\$0.02	-0.61%	-0.93%	-3.55%

### Inventory Levels (as of Oct-03)

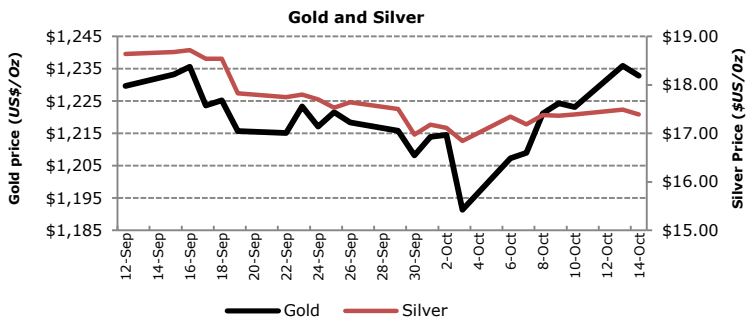


### Alberta Natural Gas

(\$CAD/GJ)	14-Oct	day Δ	%Δ
AECO Nov-14	\$3.74	+\$0.00	+0.1%

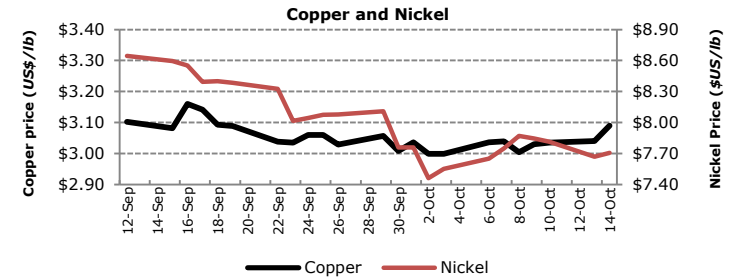
### Precious Metals

\$US/oz	14-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,232.88	-\$2.99	-0.2%	+2.0%	+0.3%	-6.1%
Silver	\$17.39	-\$0.10	-0.6%	+1.2%	-6.7%	-16.9%
Platinum	\$1,266	+\$2.25	+0.2%	+0.6%	-7.7%	-15.0%



### Industrial Metals

\$US/lb	14-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.09	+\$0.05	+1.6%	+1.7%	-0.4%	-3.0%
Nickel	\$7.71	+\$0.04	+0.5%	-0.6%	-10.9%	-11.3%
Zinc	\$1.15	+\$0.01	+0.5%	+1.3%	+2.3%	+1.5%
Aluminum	\$0.93	+\$0.01	+1.1%	+1.1%	-4.1%	-2.1%
Uranium	\$35.50	-\$0.15	-0.4%	-0.7%	+6.3%	+24.6%



### Agriculture & Other

	14-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.57	+\$0.11	+3.2%	+4.8%	+4.1%
Wheat (\$US/bu)	\$5.09	+\$0.04	+0.8%	+0.6%	+1.7%
Soybeans (\$US/bu)	\$9.65	+\$0.20	+2.1%	+2.6%	-2.5%
Rough Rice (\$US/cwt)	\$12.72	+\$0.09	+0.7%	-0.2%	-0.3%
Sugar #11 (¢US/lb)	¢16.81	¢0.14	+0.8%	-1.3%	+3.3%
Lean Hogs (¢US/lb)	¢94.93	¢0.30	+0.3%	+0.6%	-1.0%
Live Cattle (¢US/lb)	¢163.93	¢2.77	-1.7%	-2.3%	+3.1%
Cotton No.2 (\$US/lb)	\$0.64	-\$0.01	-1.3%	-1.6%	-2.6%
Lumber (\$US/Mbft)	\$342.50	+\$0.30	+0.1%	-1.4%	+1.2%

### Commodity ETFs

	14-Oct	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$3.42	-\$0.32	-8.4%	-18.2%	-20.1%
HBP Nat Gas U	\$10.33	-\$0.22	-2.1%	-4.7%	-5.0%
iShares Gold ETF	\$10.95	+\$0.05	+0.5%	+2.2%	+0.1%
<b>\$USD</b>					
US Crude Oil	\$30.85	-\$1.33	-4.1%	-9.37%	-11.1%
US Nat Gas	\$20.50	-\$0.19	-0.9%	-2.19%	-2.2%
PSDB Agriculture	\$26.68	+\$0.24	+0.9%	0.91%	+3.9%
PSDB Base Metals	\$17.13	+\$0.14	+0.8%	1.24%	-1.3%

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## Interest Rates

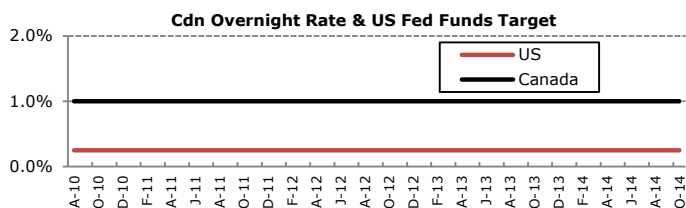
### Canadian yield curve

	14-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.93%	0.95%	0.91%
6-mnth	0.92%	-	0.94%	0.97%	0.94%
12-mnth	0.96%	-0.03%	1.00%	1.02%	1.01%
2-year	0.98%	-0.07%	1.16%	1.09%	1.21%
5-year	1.43%	-0.08%	1.70%	1.51%	1.90%
10-year	1.94%	-0.07%	2.24%	2.20%	2.60%
20-year	2.45%	-0.06%	2.72%	2.72%	3.08%
30-year	2.49%	-0.06%	2.76%	2.75%	3.15%

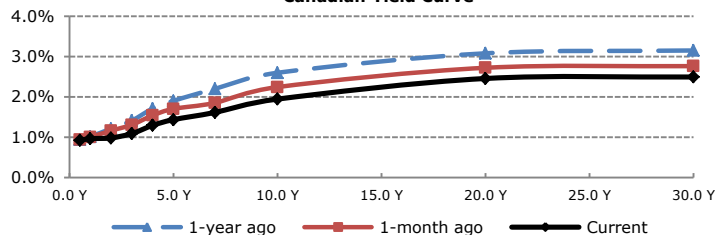
### US yield curve

	14-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-	0.01%	0.02%	0.06%
6-mnth	0.03%	-0.01%	0.04%	0.05%	0.07%
12-mnth	0.07%	-0.01%	0.08%	0.09%	0.13%
2-year	0.37%	-0.06%	0.56%	0.48%	0.35%
5-year	1.44%	-0.09%	1.82%	1.69%	1.42%
10-year	2.20%	-0.08%	2.61%	2.53%	2.69%
30-year	2.95%	-0.06%	3.34%	3.34%	3.75%

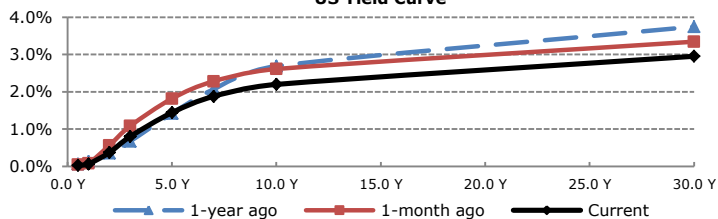
	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	22-Oct-14	1.00%
US Fed Funds	0.25%	0.25%	28-Oct-14	0.25%



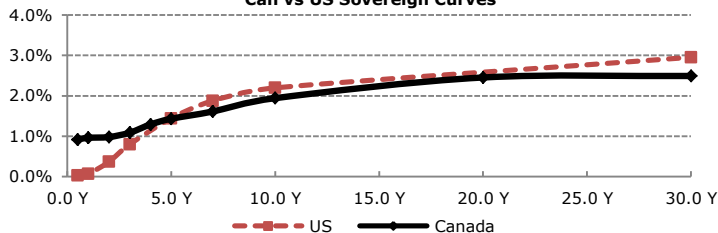
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	14-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.130	+0.010	1.109	1.073	1.035
EURUSD	\$1.266	+0.003	1.296	1.361	1.354
USDJPY	¥107.05	-0.610	107.34	101.30	98.58
GBPUSD	\$1.590	-0.017	1.627	1.712	1.596
AUDUSD	\$0.871	+0.003	0.904	0.939	0.947

Spot	14-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥94.76	-1.365	96.76	94.35	95.24
CADAUD	\$1.016	-0.012	0.998	0.992	1.020
GBPCAD	£1.797	-0.004	1.805	1.836	1.651
EURJPY	¥135.51	-0.450	139.15	137.90	133.51
EURAUD	\$1.45	-0.001	1.43	1.45	1.43

## Economic Releases

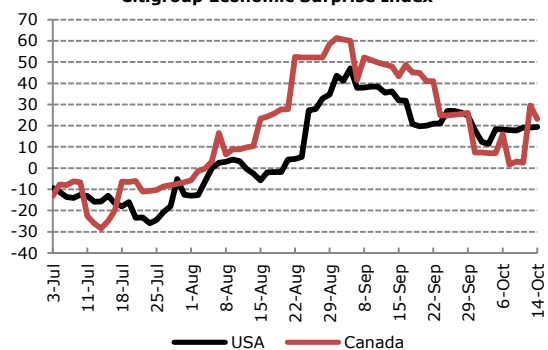
### United States

		Period	Survey	Actual	Prior
Wed, Oct 15	Advance Retail Sales	31-Oct	-0.1%	-0.3%	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	-2%	--	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%

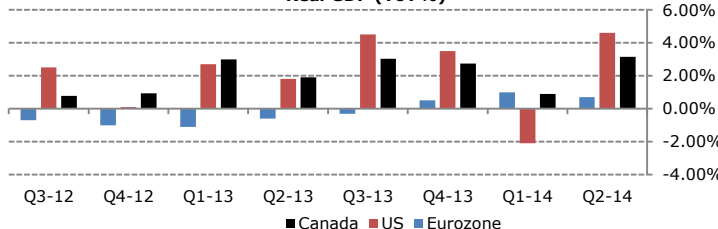
Citigroup Economic Surprise Index



## Economics

	Q3-13	Q4-13	Q1-14	Q2-14	2013E
<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%

Real GDP (YoY%)



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