

Today's Commentary

Thursday was a relatively quiet day for markets in comparison to the volatility seen earlier in the week. The S&P 500 was almost flat, ending the day at 1,862.76 while the Dow dropped 24.50 points (-0.15%). The Russell 2000 index rose 1.3%, posting a third consecutive day of gains. Better than expected September US factory output which rose 0.5%, coupled with initial jobless claims falling to their lowest levels in 14 years likely gave US markets some support. These data releases indicate that the global demand slowdown has not had as devastating an impact on US growth as financial markets have signalled in the past few weeks. The TSX rebounded 1.32%, adding 183.09 points on speculation that the recent losses, particularly in the energy sector have stretched too far. Canadian September core annualized inflation came in this morning at 2%, equalling consensus projections according to a Reuter's survey of analysts. With inflation reaching the midpoint of the BOC's target range of 1 to 3 percent, the news bodes well for the Canadian economy, but will likely have a muted impact on markets as the numbers matched market expectations.

A call for a delay to the end of quantitative easing has been raised as US inflation expectations decline. The Fed had expected that October would be the last month of their asset buying program as they have tapered the monthly purchases to \$15 billion in October, down from \$85 billion in December 2012. The first in the Fed to suggest the change in policy, St. Louis Federal Reserve Bank President James Bullard has blamed the recent market downturn on negative European outlook, though he states that US economic fundamentals are still in good shape. "We should invoke the data dependent clause on the tapering," Bullard said in a statement, "we are willing to do things to defend our inflation target [of 2%]." Bullard's comments, made yesterday, were followed by a rise in American and Japanese market index futures, and also a jump in the price of oil.

Despite the trend of declining oil prices, OPEC is avoiding the pressure to limit the supply of oil. In fact, OPEC has increased its output by the largest amount in over a year. It is looking to test if American oil production can survive the low oil prices, which they have successfully done so far. The US government expects November to see domestic oil production hit its highest levels since 1986. According to Matthew Jurecky, head of Oil and Gas research for GlobalData Ltd., "The profit margin on most commercial unconventional oil plays will support prices as low as \$50, many below that even". Brent crude oil is currently trading at \$84.47, after reaching a 4-year low of \$83.37 earlier in the week.

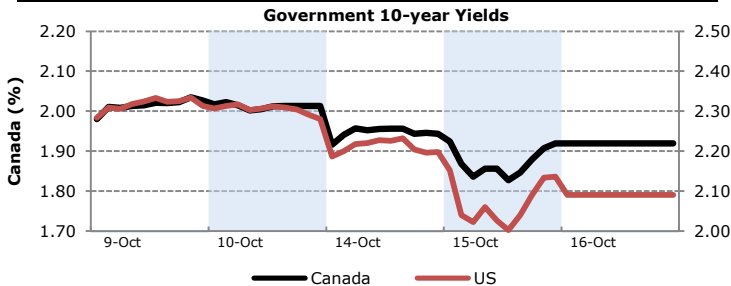
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

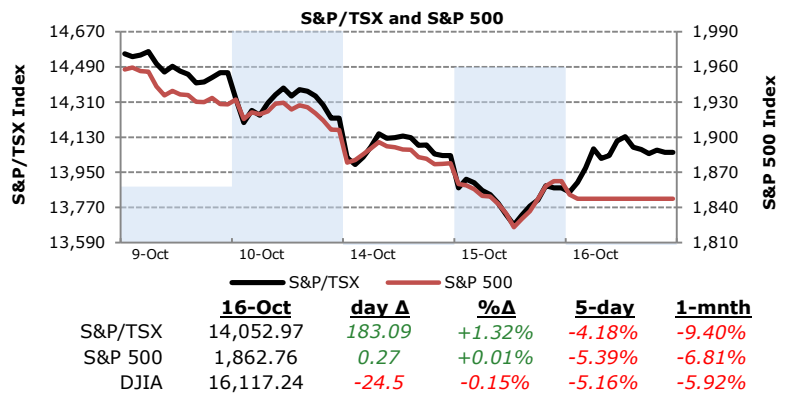
United States	Period	Survey	Actual	Prior
Housing Starts	30-Sep	1008K	956K	1093K

Canada	Period	Survey	Actual	Prior
BOC CPI Core (YoY)	31-Oct	2.1%	2.1%	2.1%
Consumer Price Index	30-Sep	2%	2%	2.1%

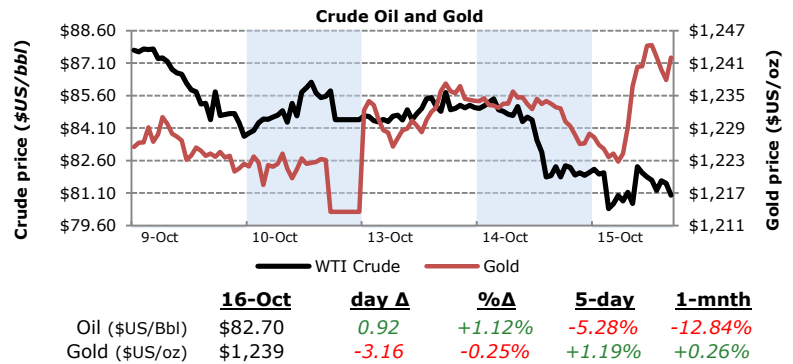
Interest Rates



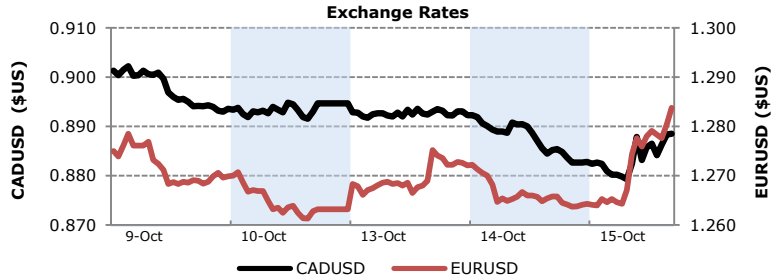
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	16-Oct	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$1.126		+0.000	1.111	1.097	1.033
EURUSD	\$1.281		-0.003	1.273	1.296	1.353
USDJPY	¥106.33		+0.410	108.080	107.13	98.77

Government 10-year Yields

	16-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.93%	0.008%	2.24%	2.16%	2.62%
United States	2.16%	0.020%	2.59%	2.48%	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>

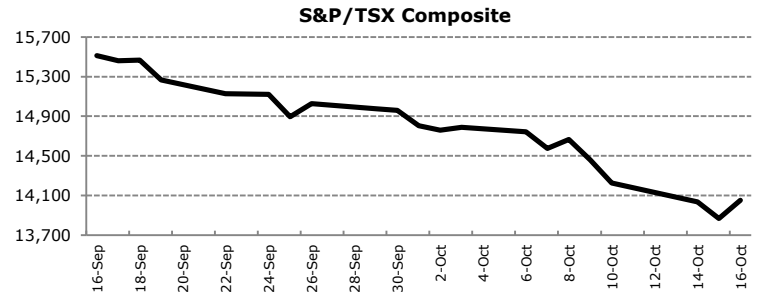
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	16-Oct	day Δ	%Δ
S&P/TSX	14,052.97	183.09	+1.32%

	Trailing S&P/TSX	TSX 60
5-day	-4.18%	-4.23%
1-month	-9.40%	-9.56%
3-months	-7.71%	-7.41%
6-months	-2.72%	-1.58%
12-months	+8.46%	+8.94%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+1.06%	-3.26%	-6.47%	+14.05%
C. Staples	+0.75%	-2.70%	-3.02%	+20.42%
Energy	+3.24%	-5.61%	-17.18%	-4.32%
Financials	+0.58%	-4.79%	-8.58%	+10.28%
Healthcare	+1.55%	-5.55%	-7.19%	+8.80%
Info Tech	+0.58%	-3.03%	-6.86%	+18.40%
Industrials	+2.45%	-4.24%	-7.78%	+23.34%
Materials	-0.43%	-3.80%	-11.22%	+0.46%
Metals & Mining	-0.95%	-9.50%	-21.31%	-12.33%
Telecom	+0.42%	-2.36%	-3.61%	+3.23%
Utilities	+0.53%	-2.71%	-2.87%	+4.33%

TSX Top Performers

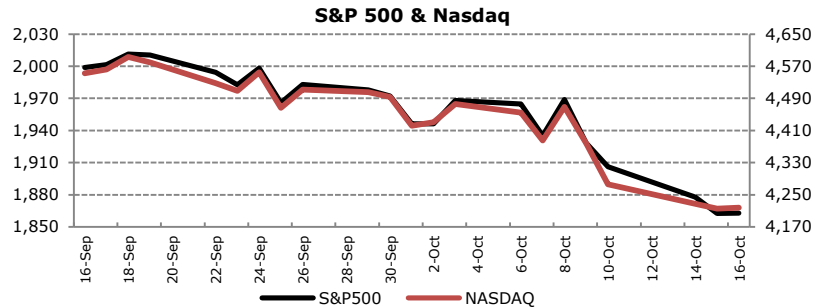
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Westport Innovations Inc		+14.17%	-3.20%	-48.14%	-71.62%
Canadian Energy Services		+10.08%	-2.35%	-12.95%	+56.07%
Athabasca Oil Corp		+10.03%	-11.49%	-33.48%	-37.46%
Painted Pony Petroleum		+9.62%	-12.05%	-15.38%	NA
Parex Resources Inc		+8.08%	-5.84%	-15.75%	+78.96%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Labrador Iron Ore Royalty		-4.24%	-5.46%	-28.85%	-36.47%
Eldorado Gold Corp		-4.09%	-2.73%	-1.56%	+40.58%
Alamos Gold Inc		-3.42%	-1.64%	-0.31%	-34.43%
Ithaca Energy Inc		-2.96%	-31.77%	-43.53%	-45.42%
Savanna Energy Services C		-2.68%	+0.46%	-10.41%	-13.49%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
16-Oct	1,862.76	16,117.24	4,217.39
1-day	+0.01%	-0.15%	+0.05%
5-day	-5.39%	-5.16%	-5.62%
1-month	-6.81%	-5.92%	-7.37%
3-months	-6.00%	-5.96%	-4.71%
6-months	+0.02%	-1.87%	+3.21%
12-months	+8.20%	+4.84%	+9.84%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.16%	-5.09%	-7.23%	+3.39%
C. Staples	-0.73%	-3.78%	-2.70%	+7.90%
Energy	+1.69%	-6.75%	-13.02%	-3.54%
Financials	-0.01%	-5.19%	-5.89%	+6.46%
Healthcare	-0.50%	-6.97%	-6.39%	+15.01%
Info Tech	-0.56%	-6.57%	-7.85%	+15.84%
Industrials	+0.72%	-3.48%	-6.67%	+7.51%
Materials	+1.00%	-4.67%	-7.95%	+7.21%
Telecom	-0.54%	-4.46%	-3.34%	+1.24%
Utilities	+0.03%	-1.58%	+0.38%	+13.29%

DJIA Top Performers

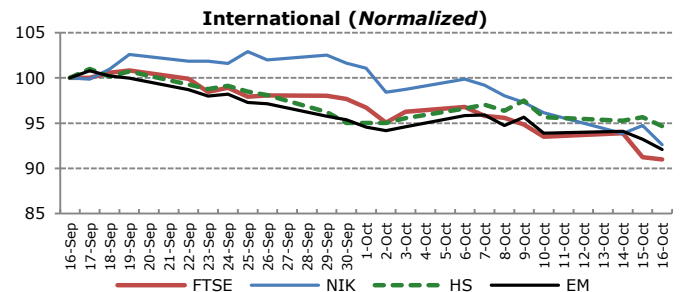
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Unitedhealth Group Inc		+3.93%	-1.42%	-0.74%	+13.57%
Nike Inc -CI B		+2.18%	-2.02%	+6.65%	+16.80%
Chevron Corp		+1.64%	-5.84%	-10.61%	-6.80%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Goldman Sachs Group Inc		-2.63%	-7.53%	-6.20%	+6.37%
Merck & Co. Inc.		-2.38%	-11.22%	-10.23%	+13.27%
Wal-Mart Stores Inc		-1.84%	-5.65%	-2.62%	-2.35%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,195.91	14,738.38	22,900.94	970.65
1-day	-0.25%	-2.22%	-1.03%	-1.22%
5-day	-3.67%	-5.50%	-2.69%	-2.81%
1-month	-8.78%	-7.37%	-5.12%	-7.91%
3-months	-8.68%	-4.17%	-2.65%	-9.02%
6-months	-5.90%	+2.22%	+0.90%	-3.18%
12-months	-5.72%	+1.87%	-1.41%	-5.88%



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Nymex WTI Crude Oil

(\$US/Bbl)	16-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$82.70	+\$0.92	+1.12%	-5.28%	-12.84%
Cal 15	\$80.29	+\$1.06	+1.34%	-5.70%	-13.53%
Cal 16	\$79.97	+\$0.27	+0.34%	-5.18%	-11.05%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$96.00	\$94.65	\$97.00	\$96.00	\$95.00
Current Forward	\$81.12	\$80.32	\$79.89	\$79.83	\$79.97

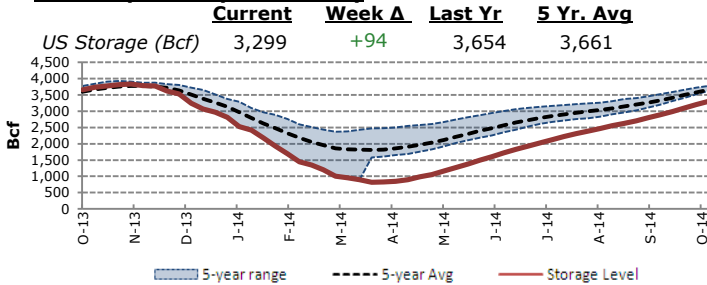
Inventory Levels (as of Oct-10)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	370,573	+8,923	337,426	319,411
Motor Gas	205,673	-3,995	214,389	200,481
Distillates	124,622	-1,518	171,756	140,851

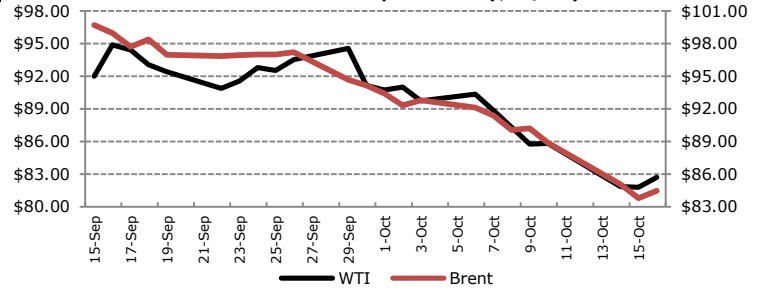
Nymex Natural Gas

(\$US/MMbtu)	16-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.80	-\$0.00	-0.11%	-1.53%	-4.98%
Nov14-Mar15	\$3.90	+\$0.00	+0.07%	-1.57%	-2.07%
Apr15-Oct15	\$3.72	+\$0.01	+0.38%	-0.69%	-1.99%
Nov15-Mar16	\$4.03	+\$0.01	+0.29%	-0.67%	-2.06%
Apr16-Oct16	\$3.87	+\$0.01	+0.18%	-0.62%	-2.15%

Inventory Levels (as of Oct-10)



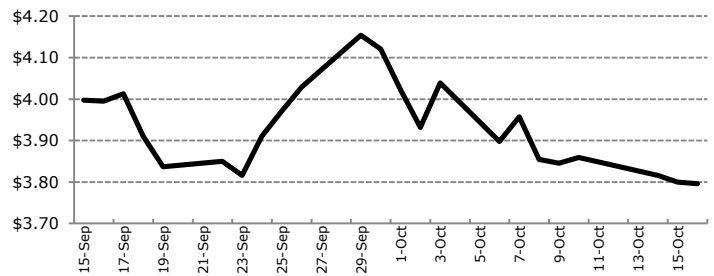
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	16-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$84.47	+\$0.69	+0.82%	-6.20%	-14.65%

Nat Gas Prompt (\$US/MMbtu)



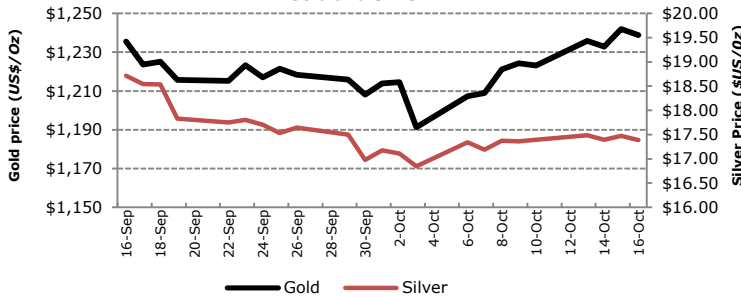
Alberta Natural Gas

(\$CAD/GJ)	16-Oct	day Δ	%Δ
AECO Nov-14	\$3.74	+\$0.02	+0.6%

Precious Metals

\$US/oz	16-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,238.85	-\$3.16	-0.3%	+1.2%	+0.3%	-5.0%
Silver	\$17.39	-\$0.09	-0.5%	+0.1%	-7.1%	-16.9%
Platinum	\$1,248	-\$14.80	-1.2%	-2.1%	-8.7%	-15.9%

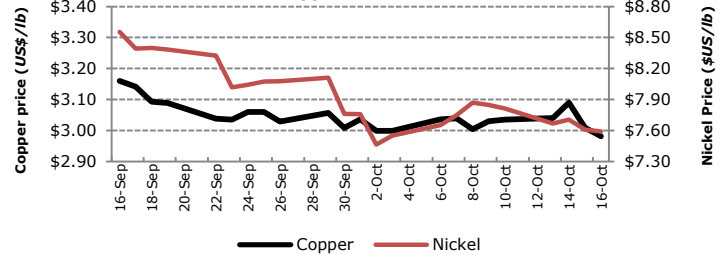
Gold and Silver



Industrial Metals

\$US/lb	16-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.98	-\$0.03	-0.9%	-1.6%	-5.6%	-6.7%
Nickel	\$7.59	-\$0.02	-0.3%	-3.3%	-11.3%	-14.5%
Zinc	\$1.15	+\$0.00	+0.3%	-0.1%	+3.2%	-1.5%
Aluminum	\$0.93	+\$0.00	0.0%	0.0%	-2.1%	-5.1%
Uranium	\$35.50	+\$0.10	+0.3%	0.0%	+1.4%	+24.6%

Copper and Nickel



Agriculture & Other

	16-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.52	+\$0.05	+1.4%	+2.2%	+3.1%
Wheat (\$US/bu)	\$5.17	+\$0.11	+2.2%	+4.8%	+3.6%
Soybeans (\$US/bu)	\$9.67	+\$0.14	+1.5%	+2.6%	-1.6%
Rough Rice (\$US/cwt)	\$12.51	-\$0.08	-0.6%	-0.7%	+0.0%
Sugar #11 (¢US/lb)	¢16.67	+¢0.17	+1.0%	-0.2%	+2.6%
Lean Hogs (¢US/lb)	¢90.33	-¢1.60	-1.7%	-5.5%	-3.8%
Live Cattle (¢US/lb)	¢165.30	+¢2.83	+1.7%	-0.3%	+3.3%
Cotton No.2 (\$US/lb)	\$0.64	-\$0.00	-0.2%	-0.6%	-3.2%
Lumber (\$US/Mbft)	\$338.60	-\$2.70	-0.8%	-2.8%	+0.5%

Commodity ETFs

	16-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$3.47	+\$0.09	+2.5%	-11.7%	-23.1%
HBP Nat Gas U	\$10.26	+\$0.02	+0.2%	-3.0%	-12.7%
iShares Gold ETF	\$11.01	-\$0.02	-0.2%	+1.3%	+0.4%
\$USD					
US Crude Oil	\$31.10	+\$0.43	+1.4%	-5.76%	-10.0%
US Nat Gas	\$20.41	-\$0.01	-0.0%	-1.31%	-4.6%
PSDB Agriculture	\$26.40	+\$0.12	+0.5%	0.00%	+3.9%
PSDB Base Metals	\$16.65	-\$0.02	-0.1%	-2.29%	-2.8%

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Interest Rates

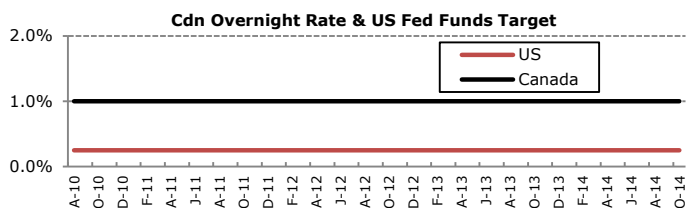
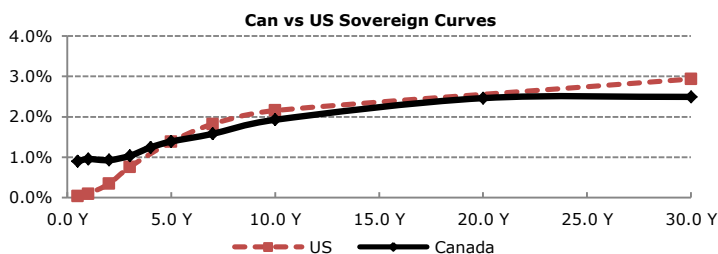
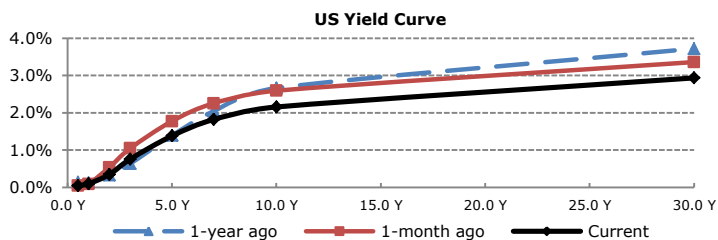
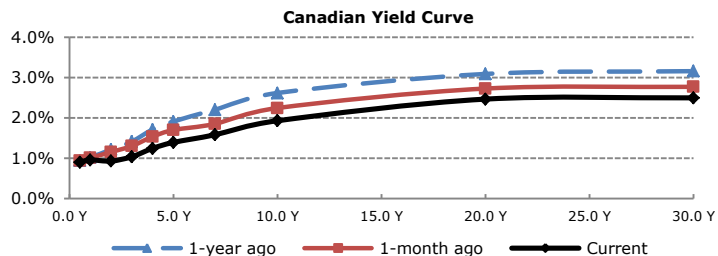
Canadian yield curve

	16-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.89%	-	0.92%	0.94%	0.92%
6-mnth	0.90%	-	0.94%	0.97%	0.94%
12-mnth	0.96%	+0.03%	1.01%	1.01%	1.02%
2-year	0.93%	+0.01%	1.15%	1.08%	1.21%
5-year	1.39%	+0.01%	1.70%	1.48%	1.91%
10-year	1.93%	+0.01%	2.24%	2.16%	2.62%
20-year	2.46%	+0.03%	2.73%	2.68%	3.09%
30-year	2.49%	+0.03%	2.77%	2.71%	3.16%

US yield curve

	16-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.03%	+0.01%	0.01%	0.01%	0.09%
6-mnth	0.04%	+0.01%	0.04%	0.05%	0.14%
12-mnth	0.10%	+0.03%	0.09%	0.08%	0.12%
2-year	0.34%	+0.04%	0.54%	0.48%	0.33%
5-year	1.38%	+0.04%	1.77%	1.67%	1.39%
10-year	2.16%	+0.02%	2.59%	2.48%	2.66%
30-year	2.94%	+0.02%	3.36%	3.29%	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%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	16-Oct	day Δ	Historical Levels			Spot	16-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.126	+0.000	1.097	1.076	1.033	CADJPY	¥94.44	+0.330	97.65	94.51	95.63
EURUSD	\$1.281	-0.003	1.296	1.357	1.353	CADAUD	\$1.014	+0.008	1.002	0.992	1.014
USDJPY	¥106.33	+0.410	107.13	101.68	98.77	GBPCAD	£1.811	+0.008	1.786	1.844	1.647
GBPUSD	\$1.609	+0.007	1.628	1.714	1.595	EURJPY	¥136.20	+0.210	138.84	137.97	133.67
AUDUSD	\$0.876	-0.007	0.909	0.937	0.955	EURAUD	\$1.46	+0.009	1.43	1.45	1.42

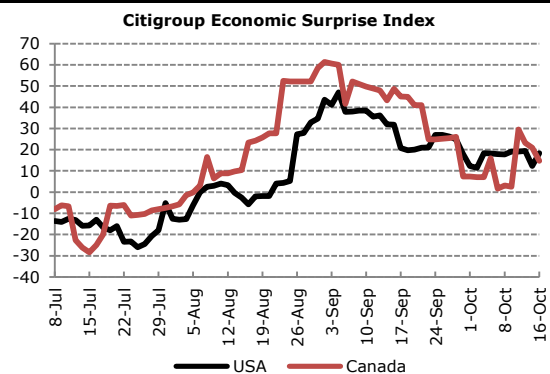
Economic Releases

United States

		Period	Survey	Actual	Prior
Wed, Oct 15	Advance Retail Sales	30-Sep	-0.1%	-0.3%	0.6%
Thu, Oct 16	Industrial Production	30-Sep	0.4K	1K	-0.1K
Thu, Oct 16	Continuing Claims	4-Oct	2380K	2389K	2381K
Thu, Oct 16	Initial Jobless Claims	11-Oct	290K	264K	287K
Fri, Oct 17	Housing Starts	30-Sep	1008K	956K	1093K

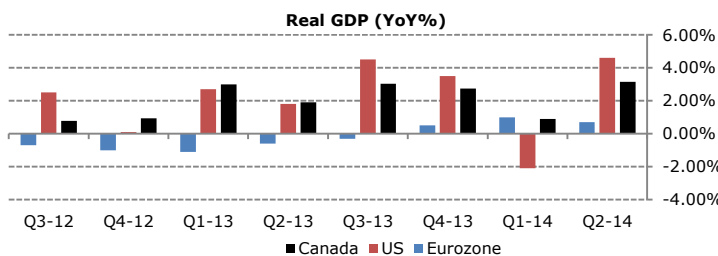
Canada

		Period	Survey	Actual	Prior
Thu, Oct 16	Manufacturing Sales (MoM)	31-Aug	-2%	-3.3%	2.5%
Fri, Oct 17	BOC CPI Core (YoY)	31-Oct	2.1%	2.1%	2.1%
Fri, Oct 17	Consumer Price Index	30-Sep	2%	2%	2.1%



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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