

Today's Commentary

Friday was a positive end to a tumultuous week for markets, as North American indices saw a rise by market close. The Dow gained 263.17 (1.63%) to 16,380.41, but was still down 1% from the start of the week. Following suit, the S&P 500 was up 24.00 (1.29%) at 1,886.76, though has continued its weekly downward decline for a fourth week in a row. The TSX saw a rise of 174.71 (1.24%) to 14,227.68, reaching its highest level in a week, benefiting from 8 of its 10 main sectors rising on the back of strong US data, and an increase in the price of oil. This week expects to see earnings reports from a fifth of the S&P 500, including Apple and Microsoft, as well as Dow stocks such as McDonald's, Coca-Cola, and Boeing.

The Nikkei 225 is up 579 points (3.98%) today to 15,111, its largest single-day rally in over a year, amid a Nikkei newspaper report that the \$1.2 trillion Government Pension Investment Fund (GPIF) will raise its asset allocation target for domestic shares to about 25 percent from 12 percent. "The view was that they'd maybe lift Japanese share holdings to 22 percent, so if it's the mid-20s, that's 2-3 percent more than expected", said Shoji Hirakawa, chief equity strategist at Okasan Securities Co. in Tokyo. The increased demand for Japanese shares will be swapped with a reduction in domestic debt holdings to 40% from 60%, likely weighing on the Japanese bond market. Prime Minister Abe hopes the changing risk profile of the world's largest public-sector investor will not only help meet the demands of an ageing population, but will boost the market and spur greater oversight of firms to improve corporate governance.

Moody's has downgraded Russian sovereign debt from Baa1 to Baa2. According to Kristin Lindow, an analyst at Moody's Investors Service Inc., the downgrade was a result of "Russia's increasingly subdued medium-term growth prospect," and "the gradual and ongoing erosion of the country's international reserve buffer". She also suggested that Moody's expects Russia to enter into a recession by 2015, having contracted 0.5% this past year. This month alone, Russia has used \$13 billion from its foreign reserves to combat the falling ruble, as the falling oil prices, and US and European sanctions damage the economy. The ruble has tumbled 13% against the dollar since July and yields have increased to 2.81%.

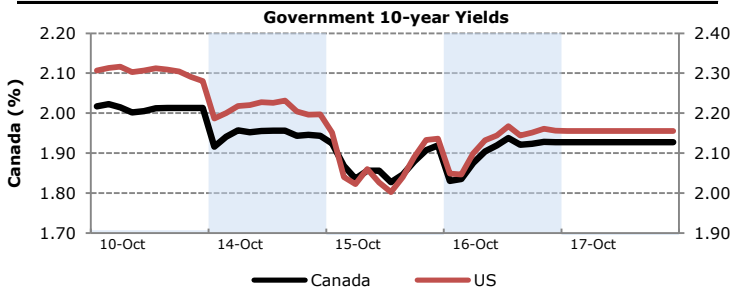
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

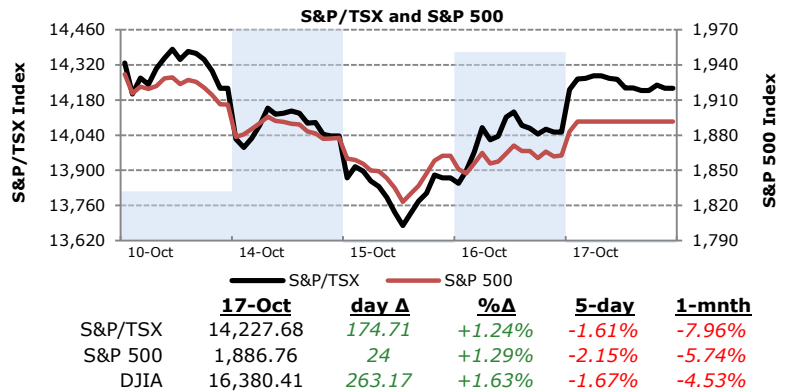
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

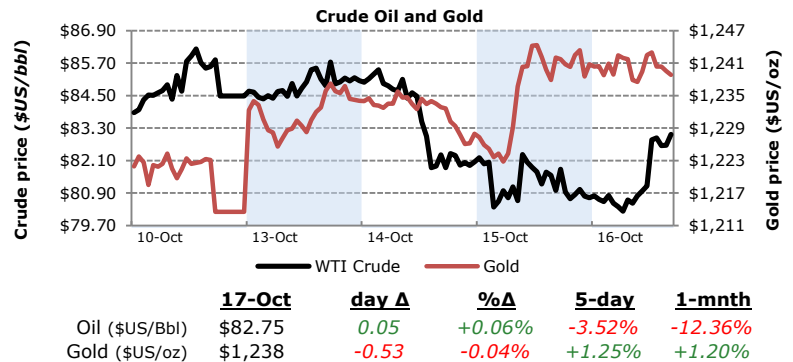
Interest Rates



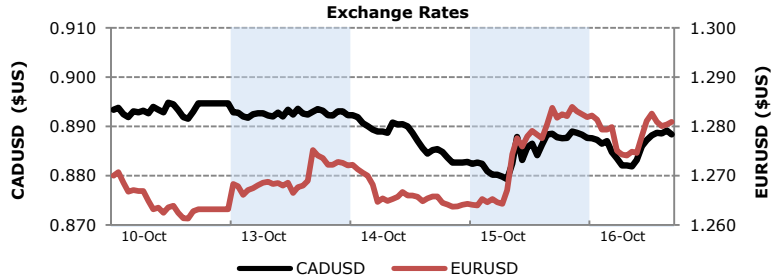
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	17-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.128	+0.002	1.119	1.100	1.029
EURUSD	\$1.276	-0.005	1.269	1.287	1.368
USDJPY	¥106.88	+0.550	107.840	108.37	97.91

Government 10-year Yields

	17-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.95%	0.025%	2.27%	2.16%	2.56%
United States	2.19%	0.038%	2.62%	2.48%	2.59%

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>

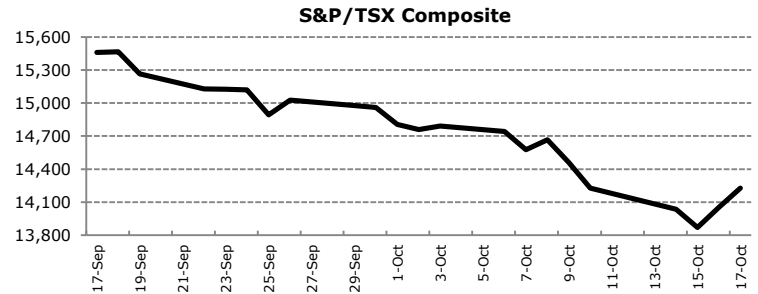
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	17-Oct	day Δ	%Δ
S&P/TSX	14,227.68	174.71	+1.24%

	Trailing S&P/TSX	TSX 60
5-day	-1.61%	-1.72%
1-month	-7.96%	-8.13%
3-months	-6.42%	-6.06%
6-months	-1.88%	-0.64%
12-months	+9.14%	+9.84%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+1.20%	-1.55%	-5.21%	+14.84%
C. Staples	-0.04%	-2.10%	-3.08%	+20.44%
Energy	+1.32%	-1.65%	-15.09%	-3.14%
Financials	+2.03%	-2.52%	-6.63%	+11.96%
Healthcare	+1.57%	-1.77%	-5.54%	+9.88%
Info Tech	+1.26%	-1.21%	-5.42%	+21.16%
Industrials	+2.02%	-0.10%	-6.39%	+25.83%
Materials	-0.99%	-1.94%	-11.33%	-3.13%
Metals & Mining	+2.06%	-3.45%	-19.10%	-11.52%
Telecom	+0.60%	-1.93%	-2.49%	+4.13%
Utilities	+0.77%	-1.47%	-1.76%	+4.07%

TSX Top Performers

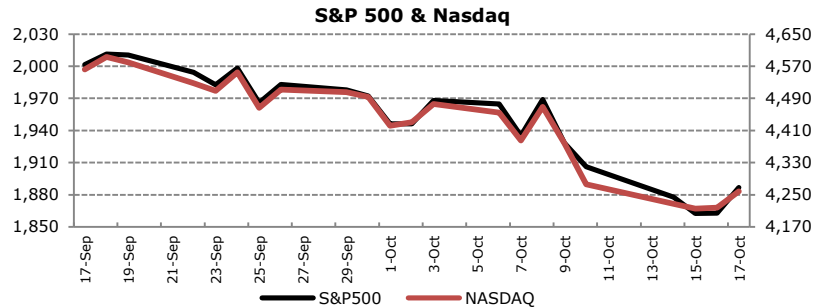
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Rmp Energy Inc	+8.06%	+4.13%	-18.92%	+8.81%
Ithaca Energy Inc	+7.63%	-18.50%	-40.25%	-41.25%
Torc Oil & Gas Ltd	+7.08%	+5.99%	-19.30%	+20.17%
West Fraser Timber Co Ltd	+6.03%	+0.30%	-7.05%	+16.57%
Canfor Corp	+5.70%	+1.30%	-7.05%	+10.49%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Westport Innovations Inc	-8.28%	-4.59%	-51.46%	-73.92%
Centerra Gold Inc	-8.25%	-1.80%	-2.50%	+13.78%
Aurico Gold Inc	-7.82%	+3.62%	-4.30%	-6.31%
B2Gold Corp	-7.60%	-5.33%	-0.43%	-6.10%
Primero Mining Corp	-6.53%	-5.29%	-22.57%	-6.88%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
17-Oct	1,886.76	16,380.41	4,258.44
1-day	+1.29%	+1.63%	+0.97%
5-day	-2.15%	-1.67%	-2.74%
1-month	-5.74%	-4.53%	-6.66%
3-months	-3.64%	-3.51%	-2.41%
6-months	+1.17%	-0.17%	+3.98%
12-months	+8.86%	+6.56%	+10.23%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+1.08%	-1.84%	-6.26%	+3.73%
C. Staples	+1.14%	-1.77%	-1.45%	+8.04%
Energy	+0.92%	-2.28%	-11.80%	-2.87%
Financials	+1.30%	-1.94%	-5.08%	+6.89%
Healthcare	+1.61%	-3.55%	-4.97%	+15.84%
Info Tech	+1.20%	-3.85%	-6.91%	+17.45%
Industrials	+1.97%	+0.75%	-5.25%	+8.71%
Materials	+1.36%	-0.85%	-7.23%	+7.29%
Telecom	+1.06%	-1.69%	-2.75%	+0.39%
Utilities	+0.59%	+0.66%	+1.21%	+12.16%

DJIA Top Performers

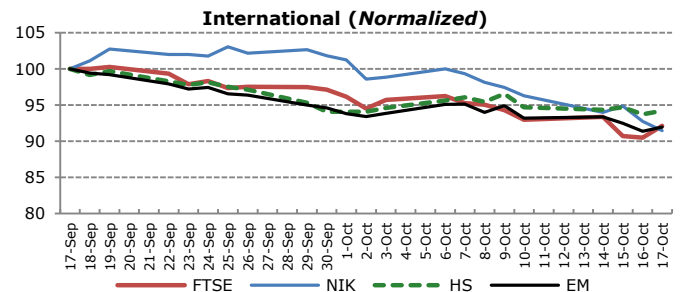
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Unitedhealth Group Inc	+3.27%	+3.81%	+1.17%	+23.55%
American Express Co	+2.92%	-3.85%	-6.54%	+2.93%
Walt Disney Co/The	+2.56%	-2.19%	-7.13%	+26.21%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Nike Inc -CI B	+0.16%	-0.06%	+7.36%	+16.96%
Wal-Mart Stores Inc	+0.38%	-4.83%	-2.91%	-2.22%
Pfizer Inc	+0.47%	-4.00%	-7.39%	-8.03%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,310.29	14,532.51	23,023.21	976.76
1-day	+1.85%	-1.40%	+0.53%	+0.63%
5-day	-0.47%	-6.11%	-0.28%	-3.13%
1-month	-6.94%	-8.54%	-5.55%	-8.06%
3-months	-6.35%	-5.45%	-2.12%	-8.08%
6-months	-4.75%	+0.80%	+1.16%	-3.22%
12-months	-4.04%	-0.37%	-0.31%	-5.53%



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Nymex WTI Crude Oil

(\$US/Bbl)	17-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$82.75	+\$0.05	+0.06%	-3.52%	-12.36%
Cal 15	\$80.39	+\$0.10	+0.13%	-4.19%	-12.68%
Cal 16	\$80.14	+\$0.16	+0.20%	-4.06%	-10.30%

(\$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	\$81.23	\$80.42	\$79.98	\$79.95	\$80.14

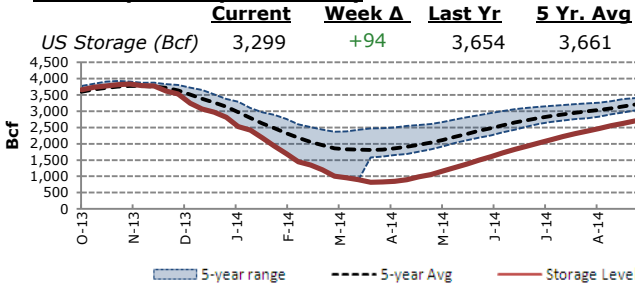
Inventory Levels (as of Oct-10)

(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

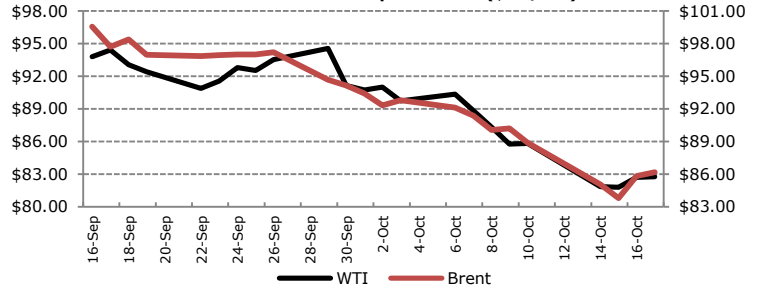
Nymex Natural Gas

(\$US/MMbtu)	17-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.77	-\$0.03	-0.79%	-2.05%	-6.15%
Nov14-Mar15	\$3.88	-\$0.02	-0.52%	-1.78%	-2.03%
Apr15-Oct15	\$3.73	+\$0.00	+0.10%	-0.55%	-1.53%
Nov15-Mar16	\$4.02	-\$0.00	-0.01%	-0.71%	-1.91%
Apr16-Oct16	\$3.87	+\$0.00	+0.10%	-0.72%	-2.14%

Inventory Levels (as of Oct-10)



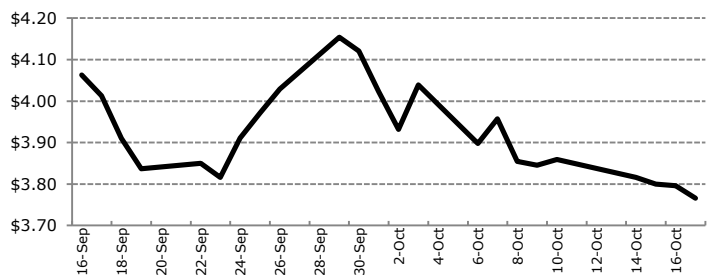
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	17-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$86.16	+\$0.34	+0.39%	-4.49%	-11.81%

Nat Gas Prompt (\$US/MMbtu)



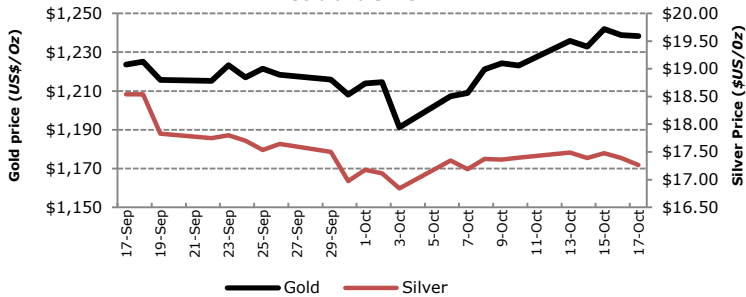
Alberta Natural Gas

(\$CAD/GJ)	17-Oct	day Δ	%Δ
AECO Nov-14	\$3.70	-\$0.03	-0.9%

Precious Metals

\$US/oz	17-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,238.32	-\$0.53	-0.0%	+1.2%	+1.2%	-4.3%
Silver	\$17.26	-\$0.13	-0.7%	-0.7%	-6.9%	-15.3%
Platinum	\$1,262	+\$14.20	+1.1%	-0.1%	-6.7%	-14.1%

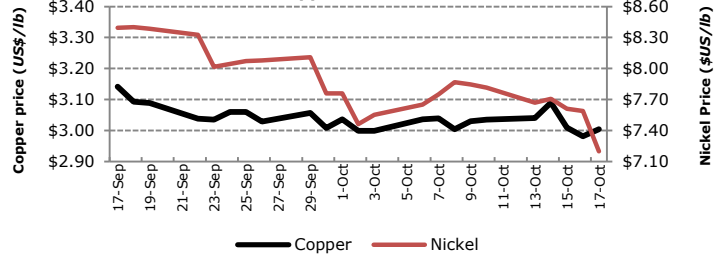
Gold and Silver



Industrial Metals

\$US/lb	17-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.00	+\$0.02	+0.7%	-1.0%	-4.4%	-7.7%
Nickel	\$7.20	-\$0.39	-5.2%	-7.9%	-14.3%	-19.1%
Zinc	\$1.09	-\$0.06	-4.9%	-4.9%	-1.6%	-6.4%
Aluminum	\$0.91	-\$0.02	-2.2%	-2.2%	-5.2%	-6.2%
Uranium	\$35.75	+\$0.25	+0.7%	+0.7%	-0.7%	+25.4%

Copper and Nickel



Agriculture & Other

	17-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.48	-\$0.04	-1.2%	+4.2%	+2.9%
Wheat (\$US/bu)	\$5.16	-\$0.01	-0.2%	+3.5%	+5.6%
Soybeans (\$US/bu)	\$9.52	-\$0.15	-1.5%	+3.2%	-2.0%
Rough Rice (\$US/cwt)	\$12.55	+\$0.04	+0.3%	-0.3%	-0.6%
Sugar #11 (¢US/lb)	¢16.62	¢0.05	-0.3%	+0.4%	+4.2%
Lean Hogs (¢US/lb)	¢90.58	¢0.25	+0.3%	-4.1%	-3.4%
Live Cattle (¢US/lb)	¢165.05	¢0.25	-0.2%	-0.2%	+3.9%
Cotton No.2 (\$US/lb)	\$0.63	-\$0.01	-0.9%	-1.7%	-3.2%
Lumber (\$US/Mbft)	\$336.70	-\$1.90	-0.6%	-4.5%	-0.2%

Commodity ETFs

	17-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$3.51	+\$0.04	+1.2%	-5.6%	-20.8%
HBP Nat Gas U	\$10.10	-\$0.16	-1.6%	-4.8%	-14.9%
iShares Gold ETF	\$11.02	+\$0.01	+0.1%	+1.4%	+1.4%
\$USD					
US Crude Oil	\$31.25	+\$0.15	+0.5%	-2.68%	-11.3%
US Nat Gas	\$20.22	-\$0.19	-0.9%	-2.51%	-7.1%
PSDB Agriculture	\$26.14	-\$0.26	-1.0%	-1.25%	+2.6%
PSDB Base Metals	\$16.77	+\$0.12	+0.7%	-1.64%	-4.1%

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Interest Rates

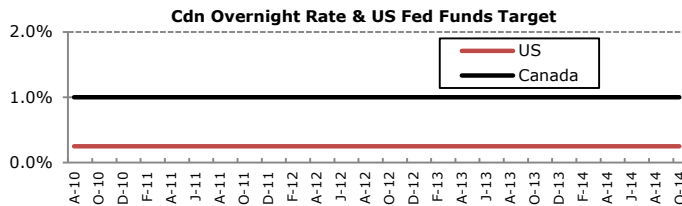
Canadian yield curve

	17-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.86%	-	0.93%	0.94%	0.92%
6-mnth	0.91%	-	0.94%	0.97%	0.94%
12-mnth	0.97%	+0.02%	1.01%	1.01%	1.01%
2-year	0.98%	+0.05%	1.17%	1.08%	1.18%
5-year	1.42%	+0.03%	1.72%	1.48%	1.85%
10-year	1.95%	+0.03%	2.27%	2.16%	2.56%
20-year	2.49%	+0.02%	2.74%	2.68%	3.05%
30-year	2.52%	+0.03%	2.79%	2.71%	3.12%

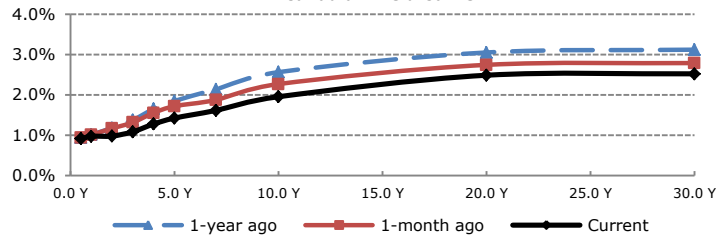
US yield curve

	17-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-0.01%	0.02%	0.01%	0.04%
6-mnth	0.04%	-	0.04%	0.05%	0.08%
12-mnth	0.10%	-	0.12%	0.08%	0.12%
2-year	0.37%	+0.03%	0.57%	0.48%	0.31%
5-year	1.42%	+0.04%	1.83%	1.67%	1.33%
10-year	2.19%	+0.04%	2.62%	2.48%	2.59%
30-year	2.97%	+0.03%	3.37%	3.29%	3.66%

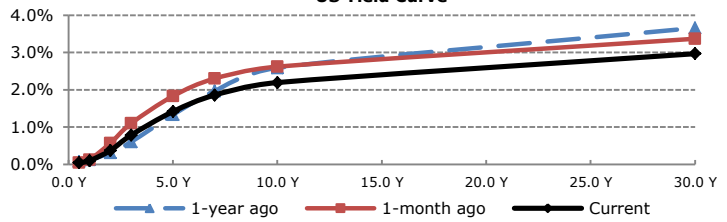
	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	22-Oct-14	1.00%
US Fed Funds	0.25%	0.25%	28-Oct-14	0.25%



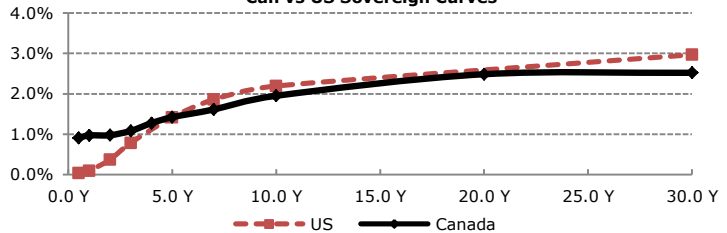
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	17-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.128	+0.002	1.100	1.074	1.029
EURUSD	\$1.276	-0.005	1.287	1.353	1.368
USDJPY	¥106.88	+0.550	108.37	101.67	97.91
GBPUSD	\$1.609	+0.001	1.628	1.714	1.617
AUDUSD	\$0.874	-0.001	0.896	0.937	0.964

Spot	17-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥94.78	+0.337	98.54	94.65	95.15
CADAUD	\$1.014	-0.000	1.015	0.994	1.008
GBPCAD	£1.815	+0.004	1.790	1.841	1.664
EURJPY	¥136.38	+0.180	139.42	137.51	133.90
EURAUD	\$1.46	-0.004	1.44	1.44	1.42

Economic Releases

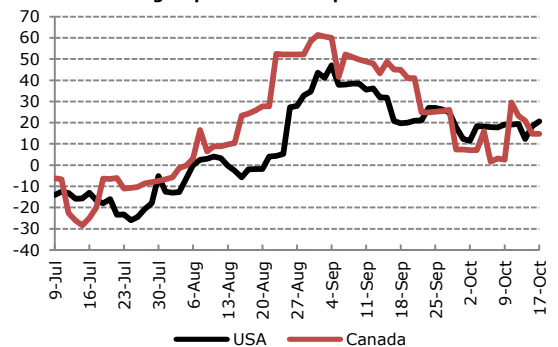
United States

		Period	Survey	Actual	Prior
Tue, Oct 21	Existing Home Sales	30-Sep	5.1M	--	5.05M
Wed, Oct 22	Consumer Price Index (MoM)	30-Sep	--	--	-0.2%
Thu, Oct 23	Leading Indicators	30-Sep	0.7%	--	0.2%
Thu, Oct 23	Continuing Claims	11-Oct	2380K	--	2389K
Thu, Oct 23	Intial Jobless Claims	18-Oct	284K	--	264K
Fri, Oct 24	New Home Sales	30-Sep	470K	--	412K

Canada

		Period	Survey	Actual	Prior
Wed, Oct 22	Retail Sales (MoM)	31-Aug	--	--	-0.1%

Citigroup Economic Surprise Index



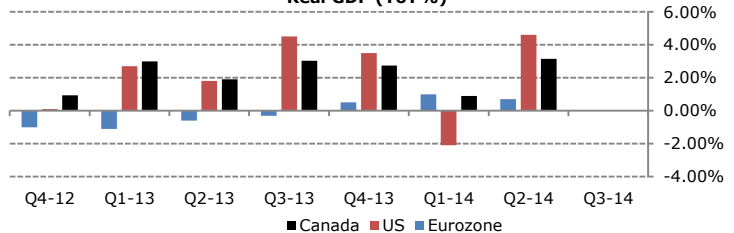
Economics

Canada	Q4-13	Q1-14	Q2-14	Q3-14	2013E
Real GDP	2.75%	0.90%	3.15%	NA	1.80%
CPI	0.93%	1.37%	2.23%	2.07%	0.90%
Unemployment	7.20%	6.90%	7.10%	6.80%	7.05%

US	Q4-13	Q1-14	Q2-14	Q3-14	2013E
Real GDP	3.50%	-2.10%	4.60%	NA	1.90%
CPI	1.23%	1.40%	2.07%	NA	1.50%
Unemployment	6.70%	6.70%	6.10%	5.90%	7.40%

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

Real GDP (YoY%)



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