

Today's Commentary

Markets breathed a sigh of relief yesterday, as the recent uptick in stocks continued with the S&P 500 gaining 17.25 points (+0.91%), a third consecutive day of advances. The TSX was also up 110.09 points (+0.77%) and most European markets rose. Strong fundamentals, as evidenced by earnings data, have been the driving force behind the recent gains. The third quarter profit expectation for an aggregate of S&P 500 firms has been revised upwards to 5.9% as compared to 4.8% forecasted on October 10. Chinese markets have dipped today on news that above consensus economic growth figures for the world's second largest economy will restrain further broad stimulus; exports and industrial production remained resilient as GDP growth for the July-September period came in at 7.3% versus expectations of a 7.2% annualized growth rate. The Chinese data will likely bode favourably for the loonie and the TSX today, given the commodity linked nature of the Canadian economy.

IBM plummeted 7.1%, after the 2015 earnings forecast was announced yesterday. Earnings per share was \$3.68, down \$0.40 from last year. During the third quarter of the year, IBM has experienced lower than expected software sales and decreasing service productivity. IBM is currently cutting jobs and paying GlobalFoundries Inc \$1.5 billion to take control of the unprofitable chip-manufacturing division in an effort to increase earnings and remove unprofitable divisions. IBM's drop led to a sluggish increase in the Dow, up only 19.26 points (+0.12%).

The ECB has finally started to make good on its two year asset purchase program announced in September, and will be the bank's third purchase program since July 2009. The European Central Bank plans to increase the bank's balance sheet by as much as \$1.3 trillion (or 1 trillion euros) to fight deflation in the Eurozone. The IMF states the region's low growth and slowing inflation give the EU a 40 percent chance of entering another recession, as inflation slowed in September to 0.3 percent. No new issues of covered securities currently meet the ECB's requirements, and so the first purchases began yesterday with the ECB buying short-dated French notes and Spanish securities. With a smaller market of ABS and covered-bonds fulfilling the bank's requirements than in the US, pressure continues to mount for the ECB to begin purchases of sovereign debt.

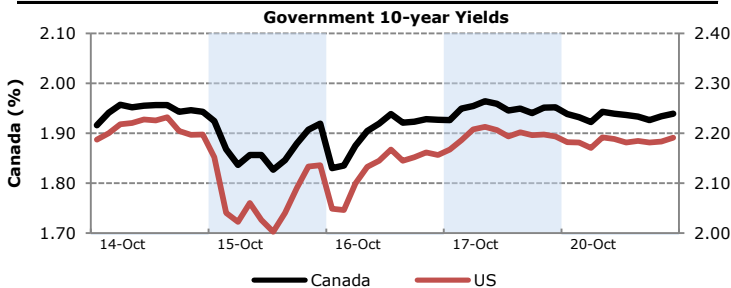
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Existing Home Sales	30-Sep	5.11M	--	5.05M

Canada	Period	Survey	Actual	Prior
None Scheduled				

Interest Rates

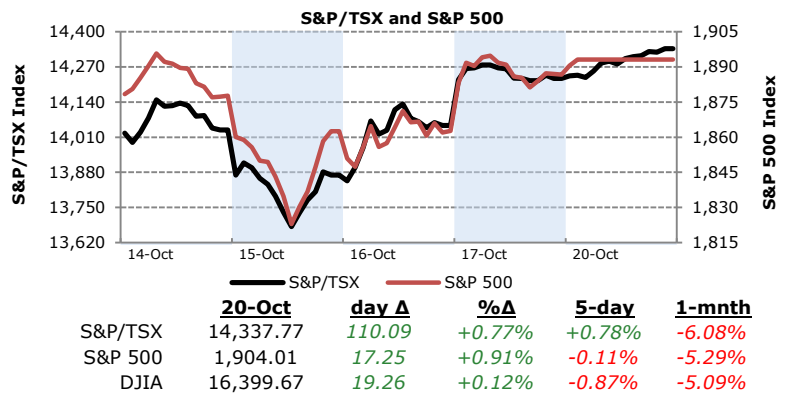


Master of Financial Economics Program

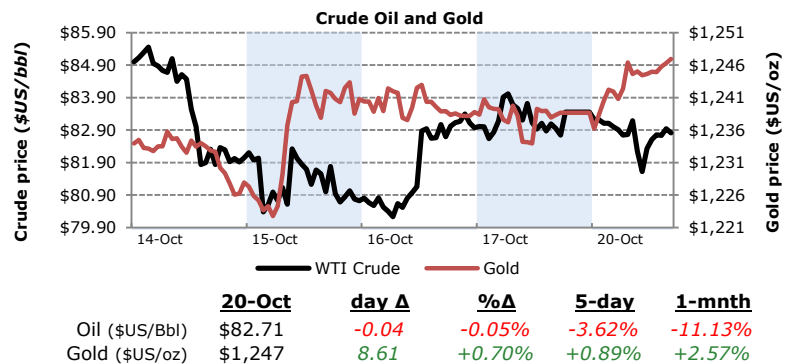
The Master of Financial Economics Program at the University of Toronto is a collaborative program of the Department of Economics and the Rotman School of Management. The program's key objective is to provide a broad understanding of Financial Theory and the Economics framework upon which that theory 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/>

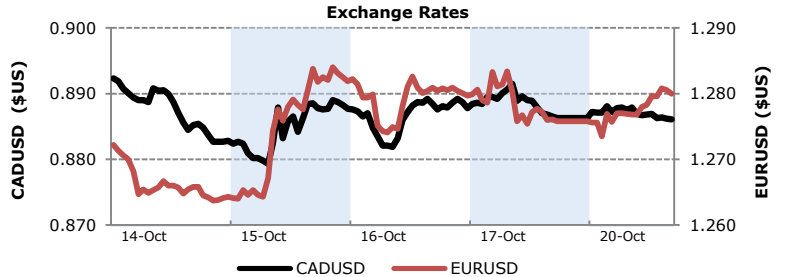
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	20-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.129	+0.001	1.120	1.093	1.029
EURUSD	\$1.280	+0.004	1.263	1.292	1.369
USDJPY	¥106.95	+0.070	107.660	108.69	97.72

Government 10-year Yields

	20-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.94%	-0.013%	2.25%	2.12%	2.53%
United States	2.19%	-0.003%	2.57%	2.46%	2.58%

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>

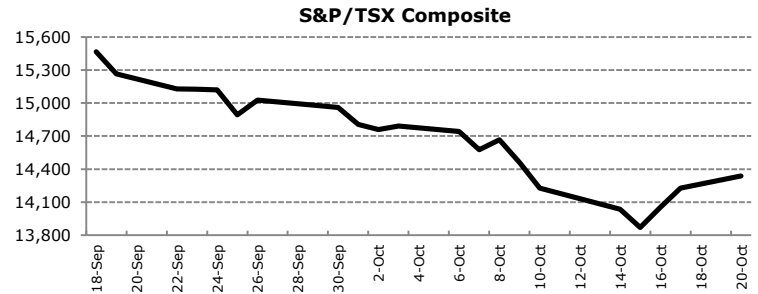
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	20-Oct	day Δ	%Δ
S&P/TSX	14,337.77	110.09	+0.77%

	Trailing S&P/TSX	TSX 60
5-day	+0.78%	+0.62%
1-month	-6.08%	-6.21%
3-months	-6.08%	-5.82%
6-months	-1.12%	+0.08%
12-months	+9.15%	+9.76%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.36%	+0.45%	-3.13%	+14.68%
C. Staples	+0.95%	-0.39%	-0.81%	+20.89%
Energy	+0.40%	+0.55%	-12.53%	-3.52%
Financials	+0.25%	-0.77%	-5.70%	+11.42%
Healthcare	+1.81%	+1.76%	-2.25%	+11.03%
Info Tech	+1.49%	+2.08%	-2.16%	+22.38%
Industrials	+0.24%	+2.87%	-5.41%	+24.51%
Materials	+1.97%	+1.84%	-5.99%	-1.22%
Metals & Mining	+0.25%	-1.77%	-14.36%	-12.78%
Telecom	+1.62%	+1.12%	+0.14%	+4.35%
Utilities	+0.75%	+0.87%	-1.35%	+4.09%

TSX Top Performers

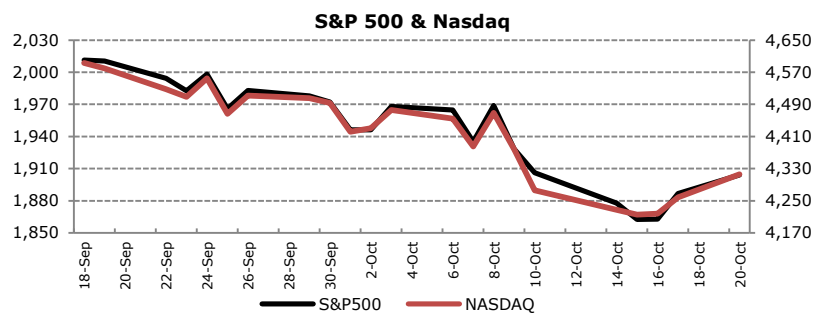
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Pacific Rubiales Energy C		+11.24%	+13.30%	-7.47%	-22.25%
Blackberry Ltd		+8.69%	+13.69%	-2.19%	+34.61%
Aurico Gold Inc		+7.73%	+14.59%	+11.05%	+0.70%
Agnico Eagle Mines Ltd		+5.81%	+4.27%	+0.00%	+33.36%
Air Canada-Class B		+5.65%	+6.23%	-13.33%	+47.78%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Horizon North Logistics I		-3.20%	-5.61%	-19.36%	-42.17%
Painted Pony Petroleum		-3.15%	-1.95%	-11.50%	+43.71%
Shawcor Ltd		-2.86%	-1.51%	-8.53%	+14.14%
Cgi Group Inc - Class A		-2.58%	-2.84%	-3.17%	-0.35%
Bellatrix Exploration Ltd		-2.15%	-9.00%	-24.69%	-32.92%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
20-Oct	1,904.01	16,399.67	4,316.07
1-day	+0.91%	+0.12%	+1.35%
5-day	-0.11%	-0.87%	+0.93%
1-month	-5.29%	-5.09%	-5.76%
3-months	-3.75%	-4.10%	-2.62%
6-months	#VALUE!	#VALUE!	#VALUE!
12-months	+9.14%	+6.49%	+10.26%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+1.39%	+0.40%	-5.42%	+4.53%
C. Staples	+1.44%	-0.85%	-0.46%	+9.39%
Energy	+0.76%	-0.36%	-10.71%	-2.98%
Financials	+0.61%	-0.53%	-5.16%	+7.28%
Healthcare	+1.20%	-1.68%	-4.67%	+17.65%
Info Tech	+0.67%	-0.43%	-6.56%	+16.19%
Industrials	+0.30%	+2.57%	-5.23%	+7.83%
Materials	+1.42%	+2.11%	-6.50%	+8.46%
Telecom	+0.75%	-0.34%	-3.70%	+0.16%
Utilities	+1.40%	+1.55%	+2.45%	+13.41%

DJIA Top Performers

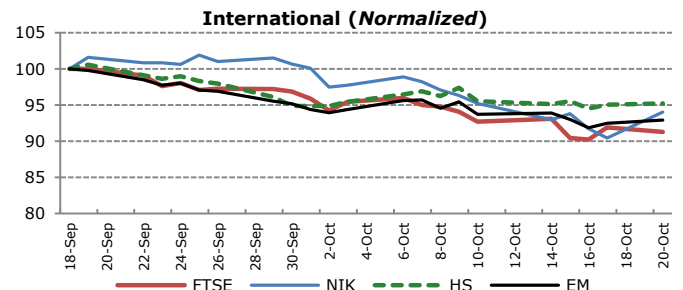
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Walt Disney Co/The		+2.02%	-0.87%	-5.49%	+27.36%
Nike Inc -CI B		+1.97%	+1.96%	+8.67%	+17.08%
Home Depot Inc		+1.78%	-0.76%	-0.53%	+22.97%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Intl Business Machines Co		-7.11%	-9.05%	-12.84%	-2.69%
Cisco Systems Inc		-1.38%	-1.76%	-9.01%	-0.22%
Caterpillar Inc		-1.07%	+0.97%	-8.27%	+7.66%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,267.07	15,111.23	23,070.26	981.50
1-day	-0.68%	+3.98%	+0.20%	+0.49%
5-day	-1.56%	-1.24%	-0.32%	-0.85%
1-month	-8.35%	-7.41%	-5.08%	-6.87%
3-months	-7.15%	-0.69%	-1.64%	-7.69%
6-months	-5.41%	+4.10%	+1.36%	-3.00%
12-months	-5.37%	+3.77%	-1.16%	-5.81%



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Nymex WTI Crude Oil

(\$US/Bbl)	20-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$82.71	-\$0.04	-0.05%	-3.62%	-11.13%
Cal 15	\$79.93	-\$0.46	-0.57%	-4.72%	-12.65%
Cal 16	\$79.50	-\$0.63	-0.79%	-4.85%	-10.86%

(\$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	\$80.93	\$80.00	\$79.46	\$79.34	\$79.50

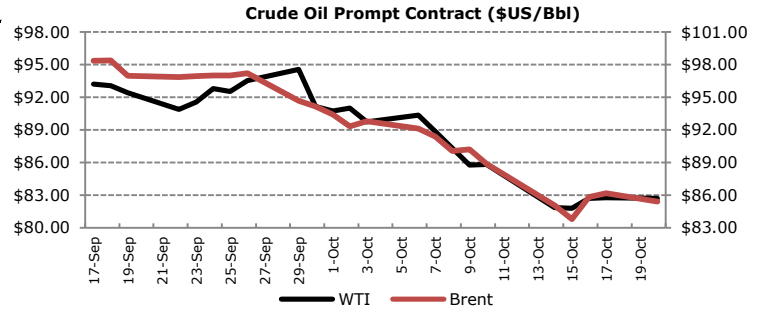
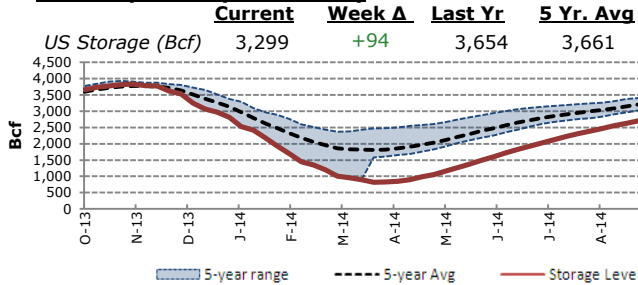
Inventory Levels (as of Oct-10)

(MMbbls)	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)	20-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.67	-\$0.10	-2.55%	-4.90%	-6.14%
Nov14-Mar15	\$3.79	-\$0.10	-2.52%	-4.56%	-4.16%
Apr15-Oct15	\$3.66	-\$0.07	-1.90%	-2.48%	-3.15%
Nov15-Mar16	\$3.96	-\$0.06	-1.58%	-2.24%	-3.17%
Apr16-Oct16	\$3.82	-\$0.05	-1.24%	-1.70%	-3.08%

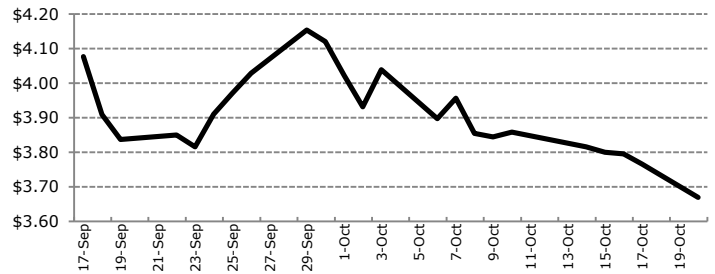
Inventory Levels (as of Oct-10)



UK Brent Crude Oil

(\$US/Bbl)	20-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$85.40	-\$0.76	-0.89%	-3.93%	-13.20%

Nat Gas Prompt (\$US/MMbtu)

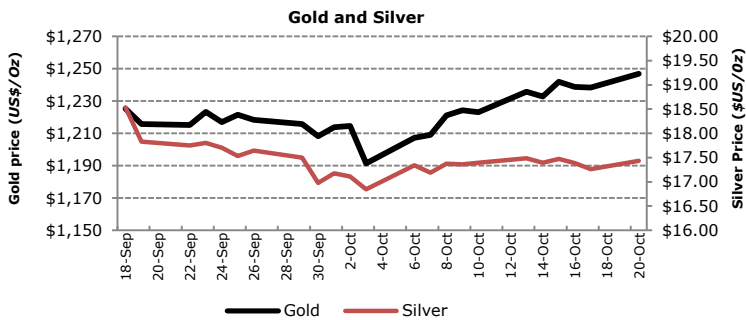


Alberta Natural Gas

(\$CAD/GJ)	20-Oct	day Δ	%Δ
AECO Nov-14	\$3.60	-\$0.10	-2.7%

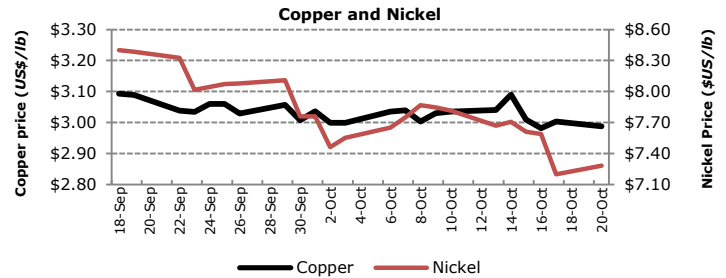
Precious Metals

\$US/oz	20-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,246.93	+\$8.61	+0.7%	+0.9%	+2.6%	-4.6%
Silver	\$17.44	+\$0.17	+1.0%	-0.3%	-2.2%	-15.9%
Platinum	\$1,267	+\$5.40	+0.4%	+0.3%	-5.2%	-14.3%



Industrial Metals

\$US/lb	20-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.99	-\$0.02	-0.5%	-1.7%	-3.3%	-7.4%
Nickel	\$7.28	+\$0.09	+1.2%	-5.0%	-13.1%	-18.6%
Zinc	\$1.10	+\$0.01	+0.9%	-3.3%	-0.8%	-6.3%
Aluminum	\$0.94	+\$0.03	+3.3%	+2.2%	-1.1%	-4.1%
Uranium	\$35.75	+\$0.00	0.0%	+0.3%	-2.5%	+25.4%



Agriculture & Other

	20-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.48	+\$0.00	+0.1%	+0.7%	+5.1%
Wheat (\$US/bu)	\$5.14	-\$0.03	-0.5%	+1.6%	+8.2%
Soybeans (\$US/bu)	\$9.44	-\$0.07	-0.8%	-0.1%	-1.3%
Rough Rice (\$US/cwt)	\$12.65	-\$0.06	-0.5%	-1.1%	-1.9%
Sugar #11 (¢US/lb)	¢16.68	+¢0.06	+0.4%	+0.1%	+5.6%
Lean Hogs (¢US/lb)	¢89.15	-¢1.43	-1.6%	-5.8%	-6.0%
Live Cattle (¢US/lb)	¢168.03	+¢2.97	+1.8%	+0.8%	+5.9%
Cotton No.2 (\$US/lb)	\$0.62	-\$0.01	-1.1%	-4.2%	-3.3%
Lumber (\$US/Mbft)	\$334.50	-\$2.20	-0.7%	-3.0%	-0.4%

Commodity ETFs

	20-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$3.49	-\$0.02	-0.6%	-6.6%	-19.8%
HBP Nat Gas U	\$9.59	-\$0.51	-5.0%	-9.1%	-15.1%
iShares Gold ETF	\$11.09	+\$0.07	+0.6%	+1.7%	+2.0%
\$USD					
US Crude Oil	\$31.14	-\$0.11	-0.4%	-3.23%	-10.1%
US Nat Gas	\$19.72	-\$0.50	-2.5%	-4.69%	-7.6%
PSDB Agriculture	\$25.87	-\$0.27	-1.0%	-2.16%	+2.3%
PSDB Base Metals	\$16.57	-\$0.20	-1.2%	-2.47%	-3.3%

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Interest Rates

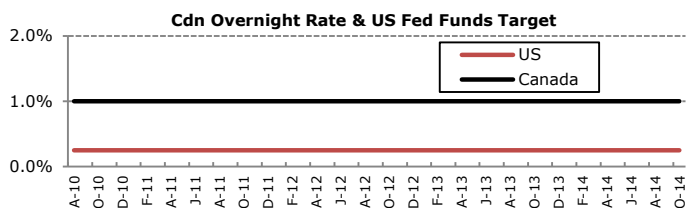
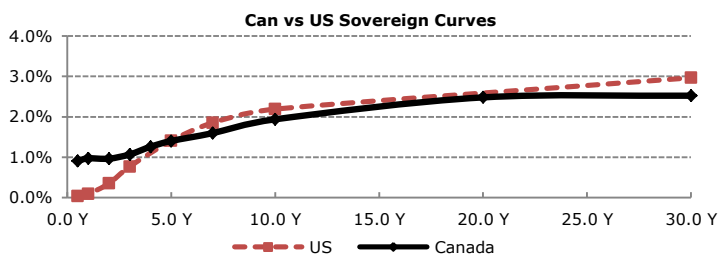
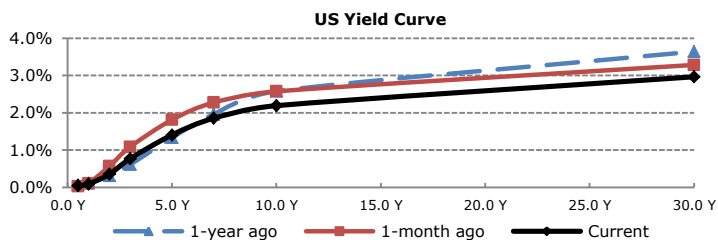
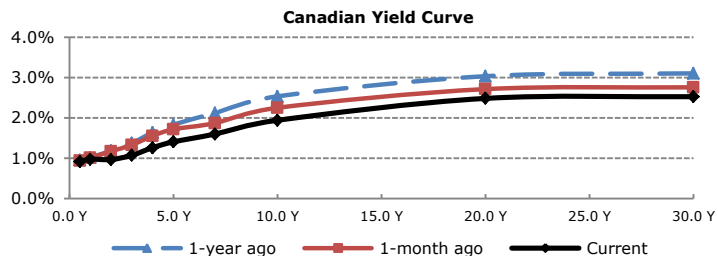
Canadian yield curve

	20-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.88%	-	0.92%	0.94%	0.92%
6-mnth	0.91%	-	0.94%	0.97%	0.95%
12-mnth	0.97%	+0.00%	1.01%	1.01%	1.02%
2-year	0.97%	-0.01%	1.17%	1.08%	1.18%
5-year	1.40%	-0.02%	1.71%	1.46%	1.83%
10-year	1.94%	-0.01%	2.25%	2.12%	2.53%
20-year	2.48%	-0.00%	2.71%	2.64%	3.03%
30-year	2.52%	+0.00%	2.76%	2.67%	3.10%

US yield curve

	20-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	-	0.01%	0.02%	0.02%
6-mnth	0.04%	-	0.03%	0.06%	0.07%
12-mnth	0.09%	-0.01%	0.11%	0.08%	0.11%
2-year	0.35%	-0.02%	0.56%	0.47%	0.31%
5-year	1.41%	-0.01%	1.81%	1.65%	1.33%
10-year	2.19%	-0.00%	2.57%	2.46%	2.58%
30-year	2.97%	-0.00%	3.28%	3.25%	3.64%

	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	20-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.129	+0.001	1.093	1.076	1.029
EURUSD	\$1.280	+0.004	1.292	1.353	1.369
USDJPY	¥106.95	+0.070	108.69	101.18	97.72
GBPUSD	\$1.617	+0.007	1.640	1.710	1.617
AUDUSD	\$0.878	+0.004	0.899	0.935	0.968

Spot	20-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥94.77	-0.010	99.39	94.00	95.00
CADAUD	\$1.009	-0.005	1.017	0.994	1.005
GBPCAD	£1.824	+0.009	1.793	1.841	1.663
EURJPY	¥136.89	+0.510	140.46	136.85	133.79
EURAUD	\$1.46	-0.002	1.44	1.45	1.41

Economic Releases

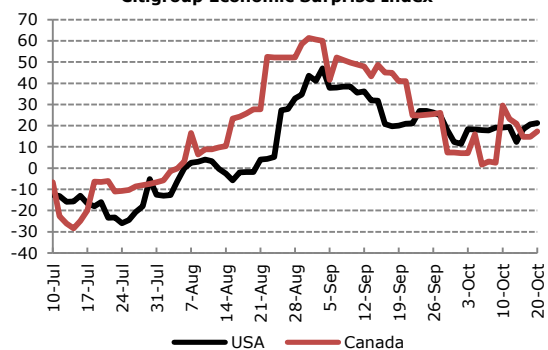
United States

	Period	Survey	Actual	Prior	
Tue, Oct 21	Existing Home Sales	30-Sep	5.11M	--	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	280K	--	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

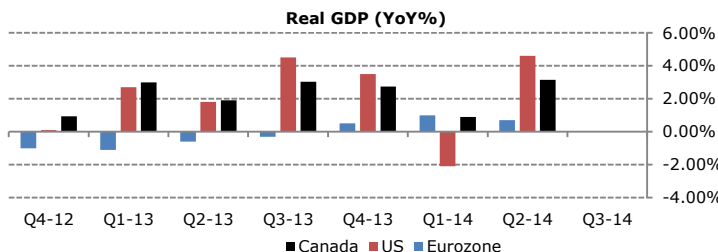


Economics

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%	#VALUE!	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%	7.30%	7.70%



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