

## Today's Commentary

North American markets rose yesterday, as about 80% of the S&P 500 companies that have released profits beat estimates, while 61% realized revenues above projections. The S&P 500 rose 1.96% to 1,941.28, with the TSX rising 1.46% to 14,547.71. Bond prices also advanced, including periphery sovereign debt such as Portuguese and Greek bonds, as the ECB's new asset purchase program began. US 10s yields fell 3bps to 2.19%. The Canadian 10s also followed this trend, falling 3 bps to 1.94%. The US September CPI was released today, increasing only 0.1%, which confirms that the Fed will likely keep the current benchmark rate for longer than anticipated. Canadian August retail sales were also announced today. The data fell 0.2%, which was worse than an expected flat reading, signalling that the Bank of Canada will likely keep its dovish stance in its interest rate announcement later today.

Asian markets rose today on the back of the ECB's first purchases for its two year asset purchase plan. Japan's Topix index rose 1.8%, while the South Korean Kospi index climbed 0.6%, after both indices had declined more than 0.7% yesterday. The yen has fallen 8.3% against the US dollar, with September showing the largest fall since January 2013. The depreciating currency is helping Japanese exports beat expectations, as they rose 6.9% in September, the most in 7 months, while imports rebounded by 6.2% after a decline of 1.5% in August. The strong export numbers are a positive for the shrinking economy, which is still reeling after Japan's Prime Minister Shinzo Abe increased the sales tax in April.

Good news from US existing home sales, as September's numbers beat expectations and posted a one year high. Purchases of previously owned homes gained 2.4% up to 5.17 million, far exceeding the market anticipated 1% gain. Demand is 1.9% higher compared to a year ago as more than 2 million more American jobs have been created this year, and the US economy continues to strengthen. Mortgage prices are down due to slow Eurozone growth, and borrowing costs may become even lower as regulators are working on plans to create housing loans backed by the US government. However, inventory of homes for sale turnover has dropped to 5.3 months, compared to a market average of 6.3 months, showing a reduced supply of homes and a possible future increase in price.

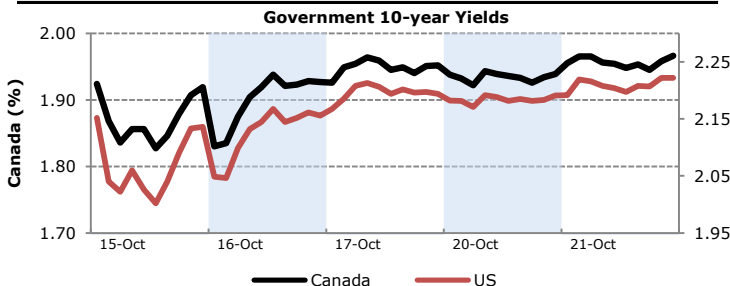
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

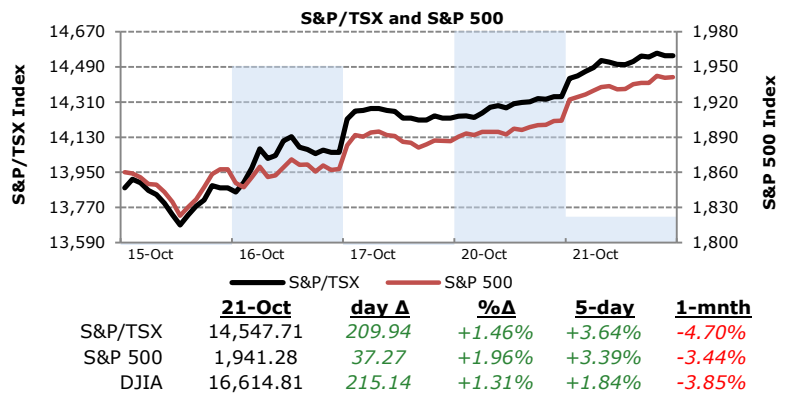
United States	Period	Survey	Actual	Prior
Consumer Price Index (MoM)	31-Oct	0.0%	0.1%	-0.2%
Leading Indicators	30-Sep	0.7%	--	0.2%
Continuing Claims	11-Oct	2380K	--	2389K

Canada	Period	Survey	Actual	Prior
Retail Sales (MoM)	30-Sep	0.00%	-0.30%	-0.1%

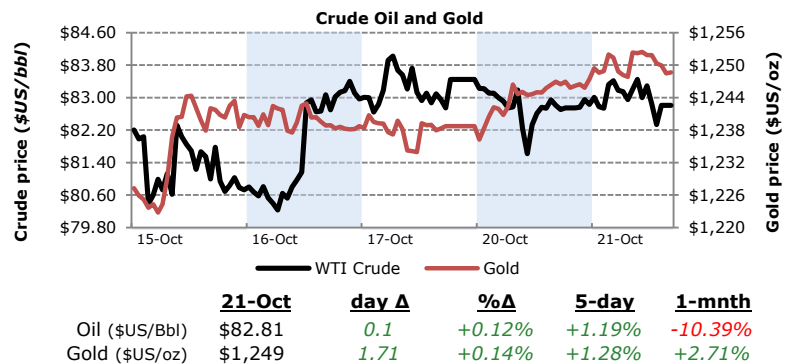
## Interest Rates



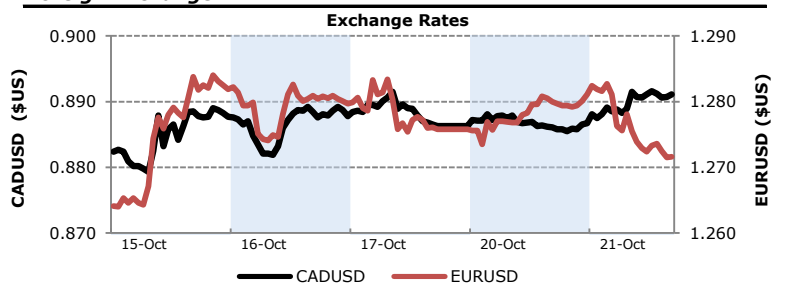
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	21-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.122	-0.006	1.130	1.096	1.030
EURUSD	\$1.272	-0.008	1.266	1.283	1.368
USDJPY	¥107.00	+0.050	107.050	109.04	98.19

Government 10-year Yields

	21-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.97%	0.027%	2.25%	2.13%	2.55%
United States	2.22%	0.031%	2.57%	2.47%	2.60%

## 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>

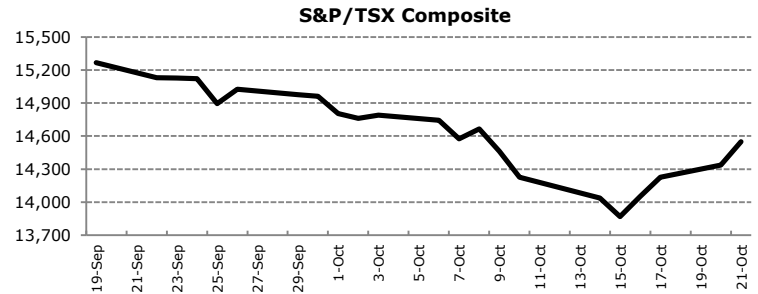
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	<b>21-Oct</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	14,547.71	209.94	+1.46%

	<b>Trailing S&amp;P/TSX</b>	<b>TSX 60</b>
5-day	+3.64%	+3.46%
1-month	-4.70%	-4.87%
3-months	-4.61%	-4.40%
6-months	+0.37%	+1.57%
12-months	+10.32%	+10.89%



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+2.37%	+4.27%	-0.84%	+17.29%
C. Staples	+0.57%	+1.24%	-0.24%	+20.99%
Energy	+2.12%	+6.64%	-10.68%	-1.20%
Financials	+1.24%	+1.56%	-4.53%	+12.19%
Healthcare	+2.66%	+5.03%	+0.35%	+14.47%
Info Tech	+1.40%	+4.19%	-0.79%	+24.62%
Industrials	+1.80%	+5.55%	-3.71%	+26.18%
Materials	+0.44%	+0.27%	-5.58%	-2.37%
Metals & Mining	+2.98%	+0.77%	-11.80%	-11.38%
Telecom	+1.18%	+3.07%	+1.32%	+5.00%
Utilities	+1.00%	+1.93%	-0.37%	+4.78%

**TSX Top Performers**

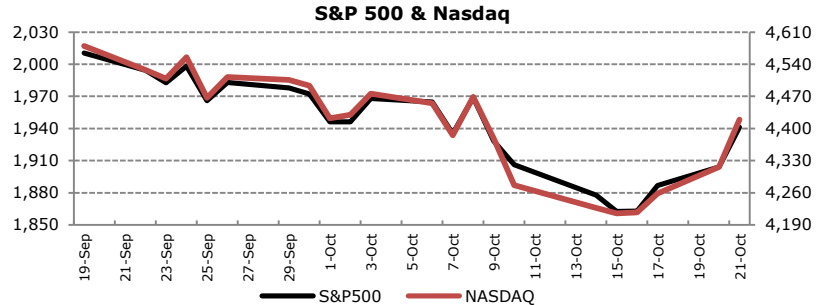
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Avigilon Corp	+8.00%	+15.63%	-14.29%	-16.58%
Amaya Gaming Group Inc	+7.46%	+26.04%	-4.08%	+265.21%
Pacific Rubiales Energy C	+6.88%	+19.04%	-1.10%	-13.60%
Air Canada-Class B	+6.65%	+18.38%	-7.57%	+54.34%
Autocanada Inc	+5.72%	+6.70%	-7.20%	+52.20%

**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>
Pretium Resources Inc	-5.79%	-5.65%	-0.64%	+29.56%
Franco-Nevada Corp	-3.22%	+0.02%	+9.72%	+36.30%
Detour Gold Corp	-2.96%	-0.33%	-3.16%	+13.61%
Alacer Gold Corp	-2.35%	-8.37%	-2.80%	-29.64%
Oceanagold Corp	-2.32%	+0.00%	+22.22%	+74.48%

**US Indices**

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
21-Oct	1,941.28	16,614.81	4,419.48
1-day	+1.96%	+1.31%	+2.40%
5-day	+3.39%	+1.84%	+4.55%
1-month	-3.44%	-3.85%	-3.50%
3-months	-1.64%	-2.56%	-0.12%
6-months	+3.71%	+1.01%	+7.23%
12-months	+11.27%	+7.94%	+12.74%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+1.89%	+3.75%	-3.64%	+6.28%
C. Staples	+0.38%	+1.00%	-0.08%	+10.11%
Energy	+2.93%	+6.88%	-8.09%	+0.25%
Financials	+1.87%	+1.74%	-3.38%	+9.49%
Healthcare	+2.65%	+4.19%	-2.15%	+21.44%
Info Tech	+2.16%	+2.71%	-4.54%	+18.09%
Industrials	+2.20%	+5.10%	-3.15%	+9.78%
Materials	+2.22%	+6.83%	-4.42%	+10.88%
Telecom	+0.72%	+1.69%	-3.01%	-0.28%
Utilities	+0.37%	+1.04%	+2.83%	+14.07%

**DJIA Top Performers**

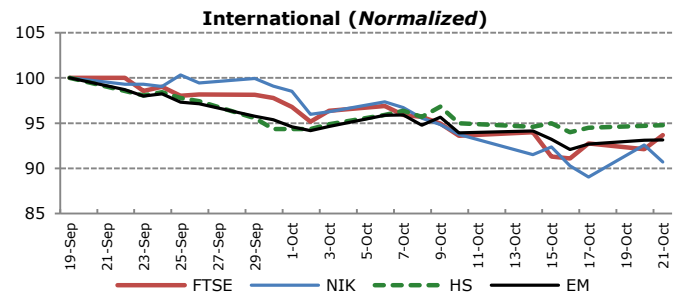
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Intel Corp	+3.26%	+1.46%	-6.35%	+39.76%
Chevron Corp	+3.23%	+4.84%	-7.78%	-0.61%
Unitedhealth Group Inc	+2.72%	+9.82%	+3.59%	+35.56%

**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>
Coca-Cola Co/The	-6.03%	-6.78%	-3.26%	+7.94%
Intl Business Machines Co	-3.47%	-11.19%	-15.86%	-3.42%
Mcdonald'S Corp	-0.63%	-0.10%	-3.55%	-0.52%

**International Markets**

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	6,372.33	14,804.28	23,088.58	981.78
1-day	+1.68%	-2.03%	+0.08%	+0.03%
5-day	-0.32%	-0.89%	+0.18%	-1.04%
1-month	-6.81%	-9.29%	-5.01%	-6.84%
3-months	-5.29%	-2.70%	-1.28%	-7.66%
6-months	-3.82%	+2.01%	+1.44%	-2.87%
12-months	-4.24%	+0.75%	-1.49%	-5.84%



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### Nymex WTI Crude Oil

(\$US/Bbl)	21-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$82.81	+\$0.10	+0.12%	+1.19%	-10.39%
Cal 15	\$80.58	+\$0.64	+0.81%	+0.64%	-11.44%
Cal 16	\$79.35	-\$0.15	-0.19%	-1.97%	-10.85%

(\$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	\$81.97	\$80.74	\$80.02	\$79.57	\$79.35

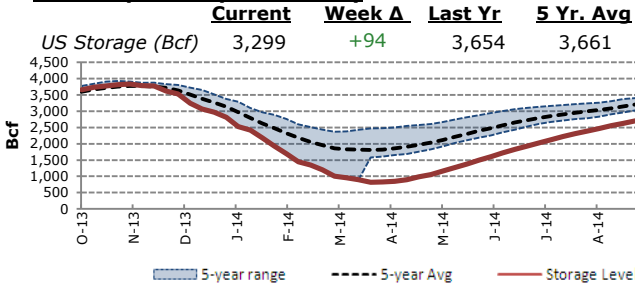
### Inventory Levels (as of Oct-10)

(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

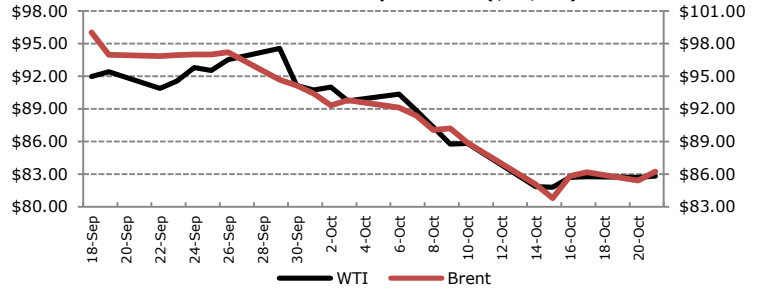
### Nymex Natural Gas

(\$US/MMbtu)	21-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.71	+\$0.04	+1.12%	-2.75%	-3.28%
Nov14-Mar15	\$3.82	+\$0.03	+0.85%	-2.53%	-5.13%
Apr15-Oct15	\$3.66	+\$0.00	+0.09%	-1.46%	-4.40%
Nov15-Mar16	\$3.96	-\$0.01	-0.13%	-1.68%	-4.35%
Apr16-Oct16	\$3.82	-\$0.00	-0.10%	-1.20%	-3.70%

### Inventory Levels (as of Oct-10)



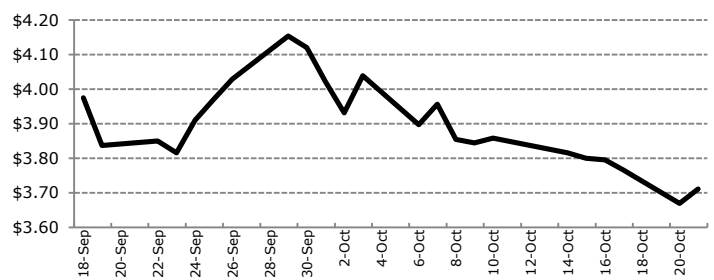
### Crude Oil Prompt Contract (\$US/Bbl)



### UK Brent Crude Oil

(\$US/Bbl)	21-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$86.22	+\$0.82	+0.95%	+1.39%	-11.09%

### Nat Gas Prompt (\$US/MMbtu)



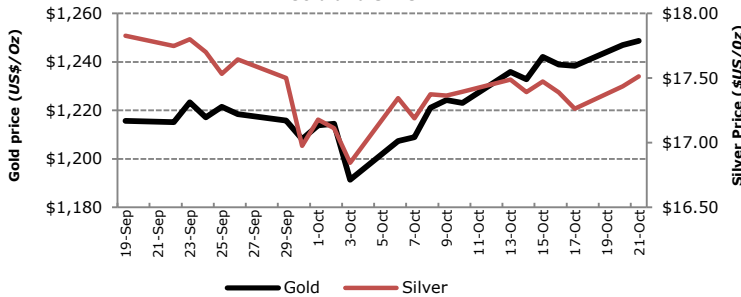
### Alberta Natural Gas

(\$CAD/GJ)	21-Oct	day Δ	%Δ
AECO Nov-14	\$3.61	+\$0.01	+0.3%

### Precious Metals

\$US/oz	21-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,248.64	+\$1.71	+0.1%	+1.3%	+2.7%	-4.2%
Silver	\$17.51	+\$0.08	+0.4%	+0.7%	-1.8%	-14.9%
Platinum	\$1,280	+\$12.65	+1.0%	+1.1%	-4.2%	-14.0%

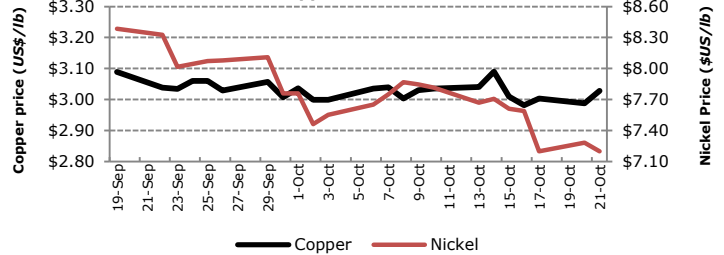
### Gold and Silver



### Industrial Metals

\$US/lb	21-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.03	+\$0.04	+1.3%	-2.0%	-2.0%	-6.3%
Nickel	\$7.20	-\$0.09	-1.2%	-6.6%	-14.2%	-19.9%
Zinc	\$1.10	-\$0.00	-0.2%	-4.0%	-1.0%	-7.5%
Aluminum	\$0.95	+\$0.01	+1.1%	+2.2%	0.0%	-2.1%
Uranium	\$35.75	+\$0.00	0.0%	+0.7%	-2.5%	+25.4%

### Copper and Nickel



### Agriculture & Other

	21-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.56	+\$0.08	+2.2%	-0.3%	+7.8%
Wheat (\$US/bu)	\$5.19	+\$0.06	+1.1%	+2.0%	+8.9%
Soybeans (\$US/bu)	\$9.64	+\$0.20	+2.1%	-0.1%	+2.8%
Rough Rice (\$US/cwt)	\$12.72	+\$0.06	+0.5%	-1.4%	-0.2%
Sugar #11 (¢US/lb)	¢16.44	¢0.24	-1.4%	-2.2%	+5.1%
Lean Hogs (¢US/lb)	¢88.45	¢0.70	-0.8%	-6.8%	-7.6%
Live Cattle (¢US/lb)	¢167.05	¢0.97	-0.6%	+1.9%	+5.3%
Cotton No.2 (\$US/lb)	\$0.63	+\$0.01	+0.8%	-2.1%	+0.3%
Lumber (\$US/Mbft)	\$332.60	-\$1.90	-0.6%	-3.6%	-0.4%

### Commodity ETFs

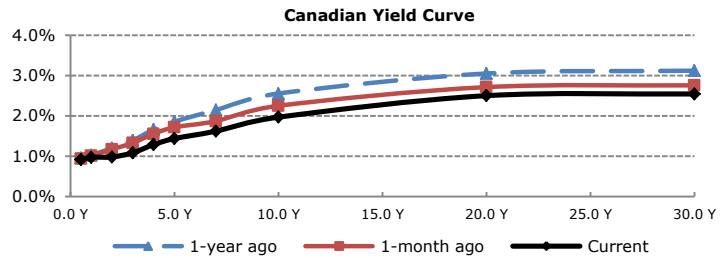
	21-Oct	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$3.52	+\$0.03	+0.9%	+2.9%	-18.5%
HBP Nat Gas U	\$9.72	+\$0.13	+1.4%	-5.9%	-10.7%
iShares Gold ETF	\$11.08	-\$0.01	-0.1%	+1.2%	+2.5%
<b>\$USD</b>					
US Crude Oil	\$31.30	+\$0.16	+0.5%	1.46%	-9.6%
US Nat Gas	\$19.88	+\$0.16	+0.8%	-3.02%	-6.8%
PSDB Agriculture	\$25.98	+\$0.11	+0.4%	-2.62%	+2.7%
PSDB Base Metals	\$16.79	+\$0.22	+1.3%	-1.98%	-2.0%

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## Interest Rates

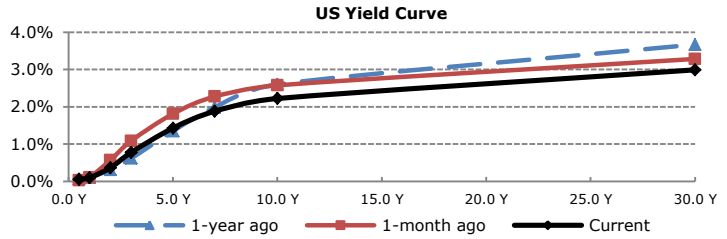
### Canadian yield curve

	<b>21-Oct</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.89%	-	0.92%	0.95%	0.92%
6-mnth	0.91%	-	0.94%	0.98%	0.95%
12-mnth	0.97%	-0.00%	1.01%	1.01%	1.02%
2-year	0.98%	+0.01%	1.17%	1.08%	1.20%
5-year	1.44%	+0.03%	1.71%	1.47%	1.85%
10-year	1.97%	+0.03%	2.25%	2.13%	2.55%
20-year	2.50%	+0.02%	2.71%	2.65%	3.05%
30-year	2.54%	+0.02%	2.76%	2.68%	3.12%

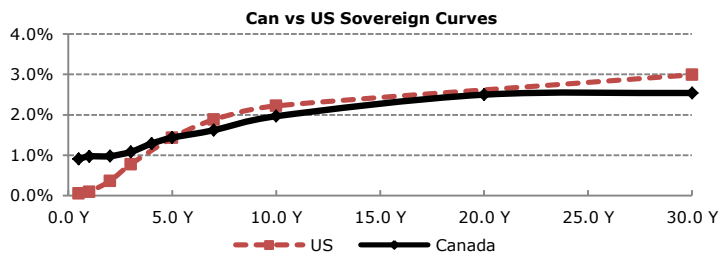
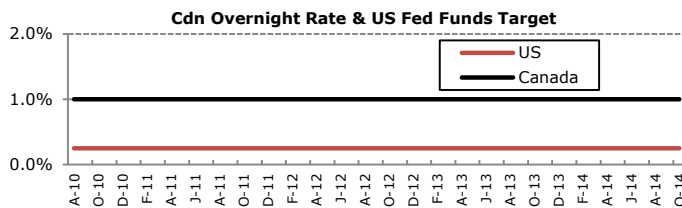


### US yield curve

	<b>21-Oct</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.01%	-0.01%	0.01%	0.02%	0.03%
6-mnth	0.05%	+0.01%	0.03%	0.05%	0.06%
12-mnth	0.10%	+0.01%	0.11%	0.10%	0.11%
2-year	0.36%	+0.01%	0.56%	0.47%	0.31%
5-year	1.43%	+0.02%	1.81%	1.65%	1.35%
10-year	2.22%	+0.03%	2.57%	2.47%	2.60%
30-year	2.99%	+0.02%	3.28%	3.26%	3.67%



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



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

<i>Spot</i>	<b>21-Oct</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.122	-0.006	1.096	1.073	1.030
EURUSD	\$1.272	-0.008	1.283	1.352	1.368
USDJPY	¥107.00	+0.050	109.04	101.34	98.19
GBPUSD	\$1.611	-0.005	1.629	1.709	1.615
AUDUSD	\$0.878	-0.000	0.893	0.939	0.965

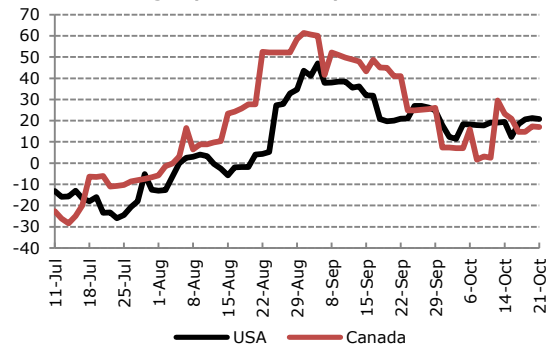
<i>Spot</i>	<b>21-Oct</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥95.36	+0.588	99.46	94.41	95.29
CADAUD	\$1.015	+0.006	1.022	0.992	1.005
GBP CAD	£1.808	-0.016	1.786	1.834	1.664
EURJPY	¥136.06	-0.830	139.89	137.08	134.32
EURAUD	\$1.45	-0.009	1.44	1.44	1.42

## Economic Releases

### United States

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Tue, Oct 21	Existing Home Sales	30-Sep	5.1M	5.17M	5.05M
Wed, Oct 22	Consumer Price Index (MoM)	31-Oct	0.0%	0.1%	-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	281K	--	264K
Fri, Oct 24	New Home Sales	30-Sep	470K	--	412K

### Citigroup Economic Surprise Index



### Canada

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Wed, Oct 22	Retail Sales (MoM)	30-Sep	0.0%	-0.3%	-0.1%

## Economics

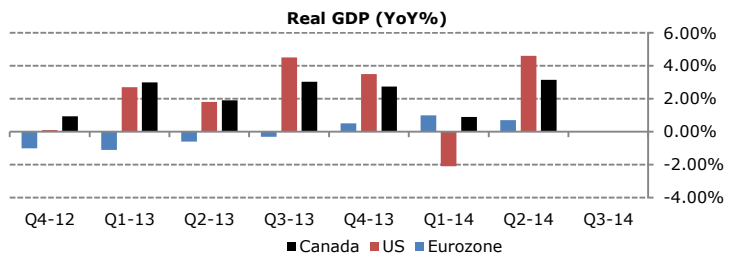
<b>Canada</b>	<b>Q4-13</b>	<b>Q1-14</b>	<b>Q2-14</b>	<b>Q3-14</b>	<b>2013E</b>
Real GDP	2.75%	0.90%	3.15%	NA	1.80%
CPI	0.93%	1.37%	2.23%	2.07%	0.90%
Unemployment	7.20%	6.90%	7.10%	6.80%	7.05%

<b>US</b>	<b>Q4-13</b>	<b>Q1-14</b>	<b>Q2-14</b>	<b>Q3-14</b>	<b>2013E</b>
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%

<b>China</b>	<b>Q4-13</b>	<b>Q1-14</b>	<b>Q2-14</b>	<b>Q3-14</b>	<b>2013E</b>
Real GDP	7.70%	7.40%	7.50%	7.30%	7.70%



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