

## Today's Commentary

Global markets continued to exhibit calmness yesterday, yet North American markets slipped on the back of weakness in crude oil. The S&P 500 ended the day down 14.17 points (-0.73%) to 1,927.11 while similarly the Dow fell 153.49 points (-0.92%) to 16,461.32. The price of crude oil dipped 2.4% to \$80.52 a barrel, the lowest close in two years which sent energy shares in the red. Until yesterday, the S&P 500 posted four consecutive days of gains, which allowed it to recover half of the losses from the almost 10% sell-off that began in mid-September. The VIX has also fallen over 10% in the last three days, reaching 17.87 yesterday afternoon. The TSX index took the biggest hit on the day, down 235.64 points (-1.62%) to 14,312.07, after the shooting of a soldier guarding a war memorial in the nation's capital sparked terrorism concerns.

With deflation becoming worrisome for many countries, central banks are attempting to counter through the use of implicit currency devaluation via monetary easing. This raises concerns on a global scale, as the devaluation of one currency makes another stronger in comparable terms resulting in downside risks for aggregate prices to the country with the stronger currency. The so called "currency war" term was used in 2010 to describe a means of enhancing a country's growth by increasing the competitiveness of its exports. It is now also being used as a way of shipping deflation to foreign soil. Japan has already stated it would welcome a weaker yen in order to meet inflation targets, while the ECB, though not targeting the euro's value directly, has recognized the need for a weaker euro to fend off deflation. This currency war could add to global growth troubles as countries battle one another to keep deflation at bay.

Yesterday, the bank of Canada announced that the overnight rate would remain at 1%, as it has been for the past four years. The Bank of Canada is expecting the economy to continue to improve over the next two years. Auto sales have hit new highs and the housing market and consumer spending have also improved. Inflation is expected to meet the target rate of 2% by the 4<sup>th</sup> quarter of 2016, a quarter later than previously expected, and real GDP is expected to grow at 2.5% for a year and then drop to 2%. The bank also believes that the strengthening US economy, which has resulted in the depreciation of the Canadian dollar against the US, will help increase Canadian exports.

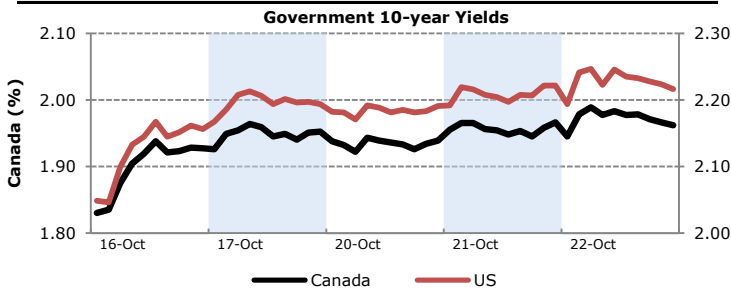
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

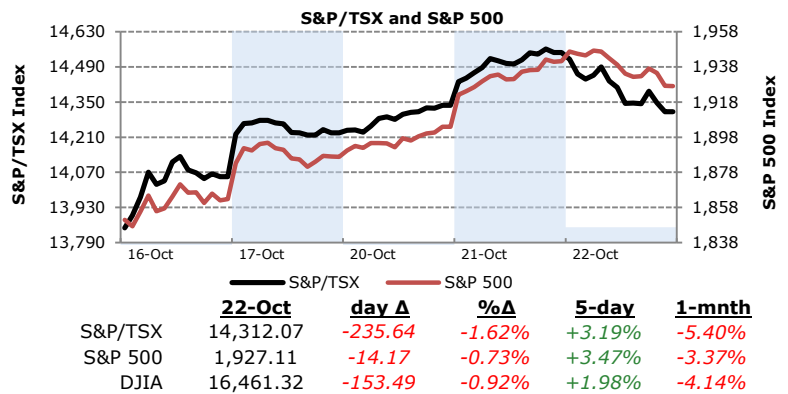
United States	Period	Survey	Actual	Prior
Leading Indicators	30-Sep	0.7%	0.7%	0.2%
Initial Jobless Claims	18-Oct	283K	283K	266K

Canada	Period	Survey	Actual	Prior
None Scheduled				

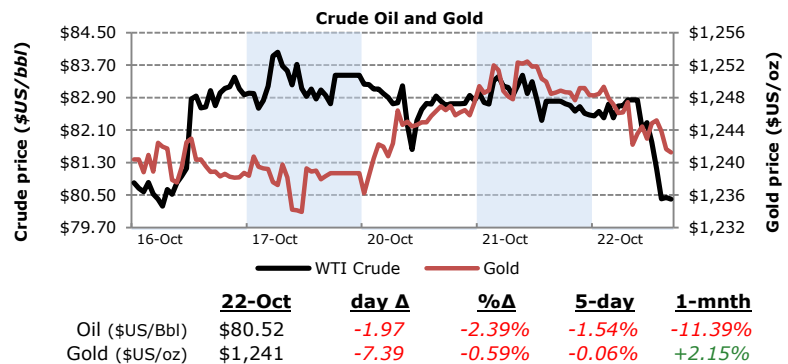
## Interest Rates



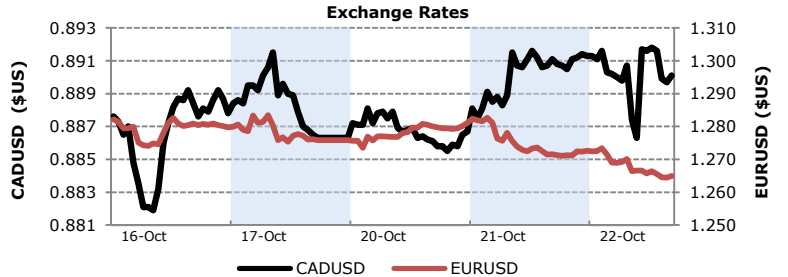
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	22-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.124	+0.001	1.126	1.104	1.029
EURUSD	\$1.265	-0.007	1.284	1.285	1.378
USDJPY	¥107.14	+0.140	105.920	108.84	98.14

	22-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Government 10-year Yields					
Canada	1.96%	-0.004%	2.23%	2.16%	2.48%
United States	2.22%	-0.005%	2.56%	2.50%	2.51%

## 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/>



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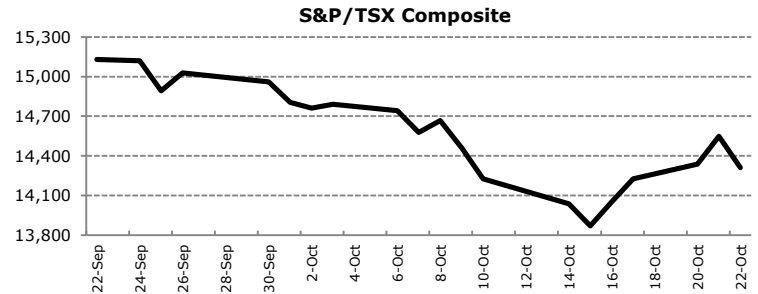
## Rotman Finance Association



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>

	<b>22-Oct</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	14,312.07	-235.64	-1.62%
<b>Trailing S&amp;P/TSX TSX 60</b>			
5-day	+3.19%	+3.20%	
1-month	-5.40%	-5.63%	
3-months	-6.55%	-6.17%	
6-months	-1.68%	-0.44%	
12-months	+8.03%	+8.85%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.46%	+4.58%	-1.21%	+15.75%
C. Staples	-1.06%	+1.15%	-1.45%	+19.85%
Energy	-3.29%	+3.72%	-11.86%	-3.99%
Financials	-1.09%	+3.03%	-5.31%	+10.64%
Healthcare	-0.64%	+7.12%	+1.66%	+14.18%
Info Tech	-1.79%	+2.94%	-2.19%	+22.72%
Industrials	-1.24%	+5.33%	-3.79%	+24.25%
Materials	-2.50%	-1.57%	-6.49%	-7.29%
Metals & Mining	-3.06%	+1.17%	-12.85%	-17.38%
Telecom	-0.71%	+3.13%	+0.26%	+3.75%
Utilities	-0.67%	+2.39%	-0.45%	+3.71%

**TSX Top Performers**

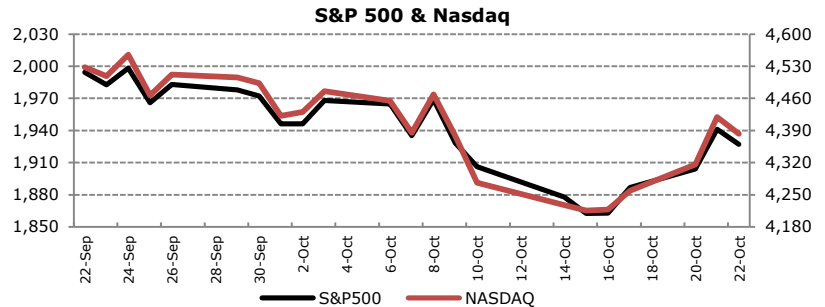
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Brookfield Renewable Ener	+2.43%	+7.49%	+1.43%	+27.19%
Brp Inc/Ca- Sub Voting	+2.00%	+2.04%	+2.21%	-9.42%
Canadian Tire Corp-Class	+1.79%	+4.49%	+5.10%	+27.69%
Saputo Inc	+0.73%	+0.86%	-6.27%	+22.57%
Northland Power Inc	+0.66%	+6.78%	-0.71%	-0.18%

**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>
Canaccord Genuity Group I	-10.24%	-2.00%	-17.13%	+46.79%
Blackpearl Resources Inc	-8.29%	+0.00%	-24.89%	-17.00%
Torc Oil & Gas Ltd	-8.01%	+9.54%	-15.54%	+14.91%
Sherritt International Co	-7.61%	-0.37%	-25.00%	-29.55%
Lightstream Resources Ltd	-7.18%	+2.18%	-33.04%	-46.73%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
22-Oct	1,927.11	16,461.32	4,382.85
1-day	-0.73%	-0.92%	-0.83%
5-day	+3.47%	+1.98%	+3.97%
1-month	-3.37%	-4.14%	-3.20%
3-months	-2.84%	-3.81%	-1.64%
6-months	+2.53%	-0.32%	+5.32%
12-months	+9.83%	+6.42%	+11.54%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.85%	+3.70%	-3.04%	+4.64%
C. Staples	+0.13%	+2.37%	+0.20%	+8.76%
Energy	-1.66%	+4.66%	-8.37%	-2.08%
Financials	-0.89%	+2.89%	-3.58%	+8.35%
Healthcare	-0.55%	+4.45%	-2.13%	+19.69%
Info Tech	-0.55%	+2.92%	-4.34%	+17.63%
Industrials	-1.33%	+3.88%	-3.37%	+7.70%
Materials	-0.86%	+5.22%	-5.15%	+8.38%
Telecom	-0.46%	+1.53%	-3.33%	-1.25%
Utilities	+0.63%	+3.05%	+4.24%	+13.35%

**DJIA Top Performers**

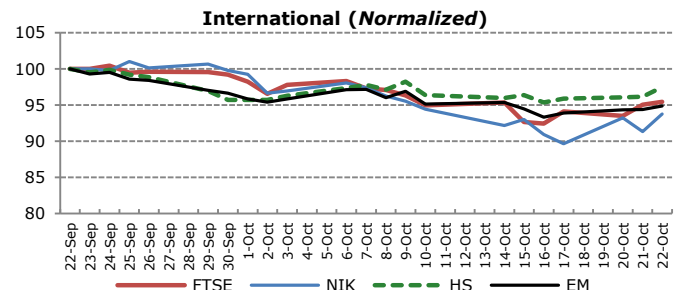
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Travelers Cos Inc/The	+1.42%	+3.90%	+1.03%	+10.23%
Johnson & Johnson	+0.86%	+3.06%	-6.27%	+9.59%
Merck & Co. Inc.	+0.69%	+1.43%	-8.23%	+19.45%

**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>
Boeing Co/The	-4.46%	+1.05%	-6.11%	-0.84%
American Express Co	-1.96%	+3.74%	-6.40%	+3.82%
Goldman Sachs Group Inc	-1.86%	-0.23%	-5.03%	+11.04%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	6,399.73	15,195.77	23,403.97	987.09
1-day	+0.43%	+2.64%	+1.37%	+0.54%
5-day	+3.03%	+0.81%	+1.14%	+0.46%
1-month	-5.52%	-6.23%	-2.30%	-5.11%
3-months	-5.82%	-0.96%	-1.59%	-8.13%
6-months	-4.22%	+5.61%	+2.96%	-2.14%
12-months	-4.42%	+3.28%	+0.38%	-5.51%



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### Nymex WTI Crude Oil

(\$US/Bbl)	22-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$80.52	-\$1.97	-2.39%	-1.54%	-11.39%
Cal 15	\$79.17	-\$1.16	-1.44%	-0.07%	-12.71%
Cal 16	\$78.97	-\$0.39	-0.49%	-0.93%	-11.19%

(\$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	\$79.83	\$79.19	\$78.84	\$78.83	\$78.97

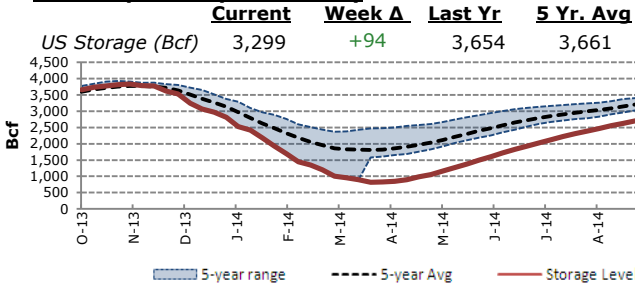
### Inventory Levels (as of Oct-17)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	377,684	+7,111	337,426	319,411
Motor Gas	204,374	-1,299	214,389	200,481
Distillates	125,671	+1,049	171,756	140,851

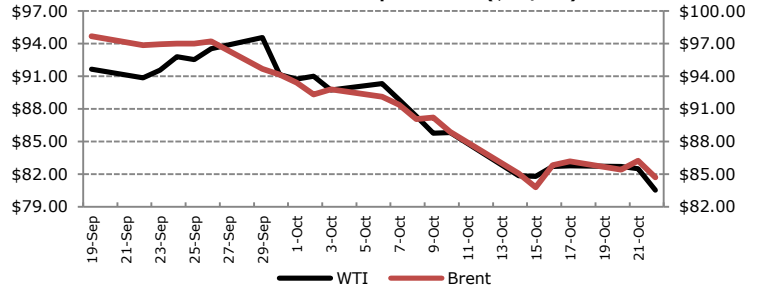
### Nymex Natural Gas

(\$US/MMbtu)	22-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.66	-\$0.05	-1.40%	-3.71%	-4.96%
Nov14-Mar15	\$3.76	-\$0.05	-1.38%	-3.49%	-8.50%
Apr15-Oct15	\$3.63	-\$0.03	-0.91%	-2.23%	-6.30%
Nov15-Mar16	\$3.93	-\$0.02	-0.63%	-2.05%	-5.66%
Apr16-Oct16	\$3.80	-\$0.02	-0.58%	-1.63%	-4.83%

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



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



### UK Brent Crude Oil

(\$US/Bbl)	22-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$84.71	-\$1.51	-1.78%	+1.11%	-12.53%

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



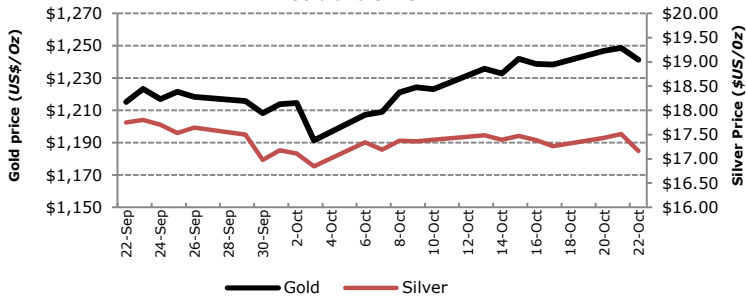
### Alberta Natural Gas

(\$CAD/GJ)	22-Oct	day Δ	%Δ
AECO Nov-14	\$3.59	-\$0.03	-0.8%

### Precious Metals

\$US/oz	22-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,241.25	-\$7.39	-0.6%	-0.1%	+2.1%	-4.4%
Silver	\$17.16	-\$0.35	-2.0%	-1.8%	-3.3%	-16.6%
Platinum	\$1,262	-\$17.35	-1.4%	+0.0%	-4.8%	-14.7%

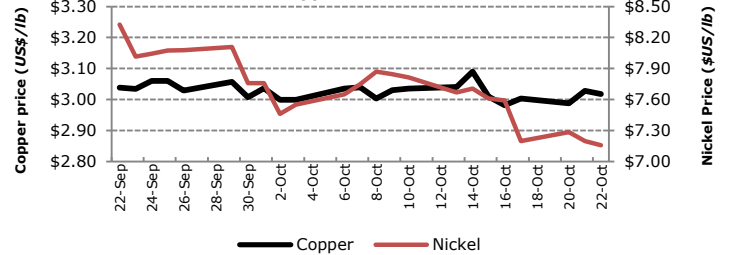
### Gold and Silver



### Industrial Metals

\$US/lb	22-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.02	-\$0.01	-0.3%	+0.3%	-0.7%	-6.0%
Nickel	\$7.16	-\$0.04	-0.6%	-6.0%	-14.1%	-18.9%
Zinc	\$1.08	-\$0.02	-1.4%	-5.4%	-2.6%	-8.3%
Aluminum	\$0.96	+\$0.01	+1.1%	+3.2%	+1.1%	0.0%
Uranium	\$36.00	+\$0.25	+0.7%	+1.7%	-1.4%	+25.2%

### Copper and Nickel



### Agriculture & Other

	22-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.53	-\$0.03	-0.8%	+1.6%	+8.4%
Wheat (\$US/bu)	\$5.22	+\$0.03	+0.6%	+3.2%	+9.7%
Soybeans (\$US/bu)	\$9.63	-\$0.02	-0.2%	+1.1%	+2.8%
Rough Rice (\$US/cwt)	\$12.73	+\$0.01	+0.1%	-0.2%	-0.9%
Sugar #11 (¢US/lb)	¢16.50	+¢0.06	+0.4%	+0.0%	+4.9%
Lean Hogs (¢US/lb)	¢89.75	+¢1.30	+1.5%	-2.4%	-5.8%
Live Cattle (¢US/lb)	¢168.10	+¢1.05	+0.6%	+3.5%	+5.9%
Cotton No.2 (\$US/lb)	\$0.63	-\$0.00	-0.2%	-1.6%	-0.2%
Lumber (\$US/Mbft)	\$330.80	-\$1.80	-0.5%	-3.1%	-2.6%

### Commodity ETFs

	22-Oct	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$3.36	-\$0.16	-4.5%	-0.7%	-20.6%
HBP Nat Gas U	\$9.49	-\$0.24	-2.4%	-7.4%	-13.1%
iShares Gold ETF	\$11.02	-\$0.06	-0.5%	-0.1%	+2.1%
<b>\$USD</b>					
US Crude Oil	\$30.55	-\$0.75	-2.4%	-0.39%	-11.6%
US Nat Gas	\$19.60	-\$0.28	-1.4%	-4.02%	-6.4%
PSDB Agriculture	\$25.80	-\$0.18	-0.7%	-1.83%	+2.5%
PSDB Base Metals	\$16.91	+\$0.12	+0.7%	1.41%	-1.4%

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## Interest Rates

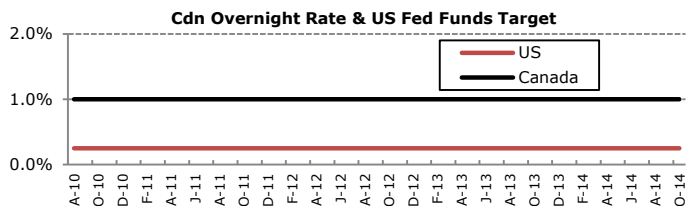
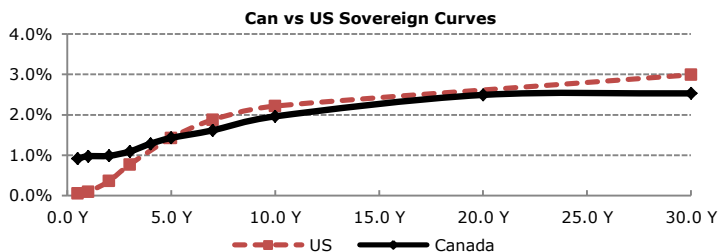
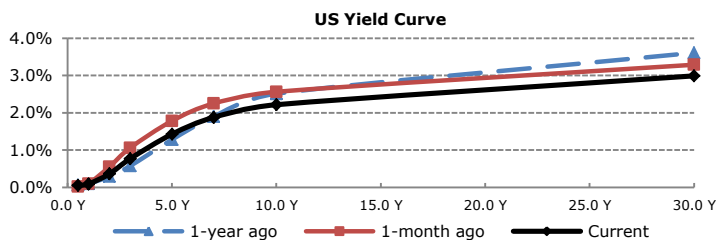
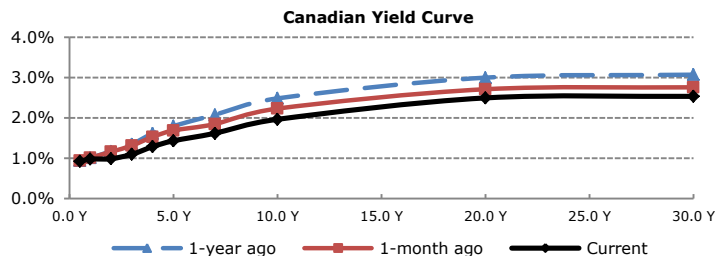
### Canadian yield curve

	22-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.88%	-	0.92%	0.95%	0.91%
6-mnth	0.92%	-	0.94%	0.98%	0.94%
12-mnth	0.98%	+0.00%	1.01%	1.02%	1.01%
2-year	0.99%	+0.01%	1.16%	1.10%	1.17%
5-year	1.43%	-0.01%	1.68%	1.50%	1.80%
10-year	1.96%	-0.00%	2.23%	2.16%	2.48%
20-year	2.49%	-0.01%	2.71%	2.68%	3.00%
30-year	2.53%	-0.01%	2.76%	2.71%	3.07%

### US yield curve

	22-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.02%	+0.01%	0.00%	0.02%	0.03%
6-mnth	0.05%	-	0.02%	0.05%	0.06%
12-mnth	0.09%	-0.01%	0.10%	0.10%	0.10%
2-year	0.36%	-0.00%	0.55%	0.49%	0.29%
5-year	1.43%	-0.00%	1.78%	1.69%	1.28%
10-year	2.22%	-0.01%	2.56%	2.50%	2.51%
30-year	2.99%	-	3.29%	3.30%	3.61%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	3-Dec-14	1.00%
US Fed Funds	0.25%	0.25%	28-Oct-14	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	22-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.124	+0.001	1.104	1.074	1.029
EURUSD	\$1.265	-0.007	1.285	1.352	1.378
USDJPY	¥107.14	+0.140	108.84	101.40	98.14
GBPUSD	\$1.605	-0.006	1.636	1.708	1.624
AUDUSD	\$0.878	+0.000	0.887	0.937	0.971

Spot	22-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥95.36	+0.000	98.55	94.42	95.41
CADAUD	\$1.014	-0.001	1.021	0.994	1.001
GBP CAD	£1.803	-0.005	1.807	1.834	1.670
EURJPY	¥135.52	-0.540	139.85	137.13	135.25
EURAUD	\$1.44	-0.008	1.45	1.44	1.42

## Economic Releases

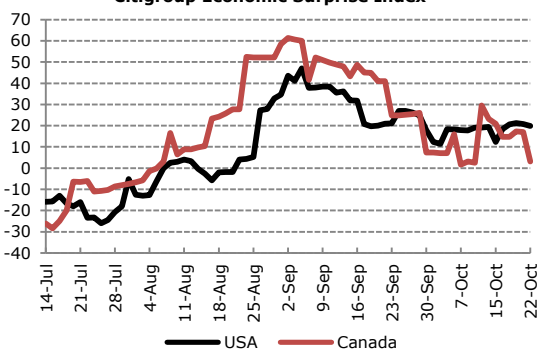
### United States

		Period	Survey	Actual	Prior
Tue, Oct 21	Existing Home Sales	30-Sep	5.1M	5.17M	5.05M
Wed, Oct 22	Consumer Price Index (MoM)	30-Sep	--	0.1%	-0.2%
Thu, Oct 23	Leading Indicators	30-Sep	0.7%	0.2%	0.2%
Thu, Oct 23	Continuing Claims	11-Oct	2380K	2389K	2381K
Thu, Oct 23	Initial Jobless Claims	18-Oct	283K	283K	266K
Fri, Oct 24	New Home Sales	30-Sep	470K	--	412K

### Canada

		Period	Survey	Actual	Prior
Wed, Oct 22	Retail Sales (MoM)	31-Aug	--	-0.3%	-0.1%

### Citigroup Economic Surprise Index



## Economics

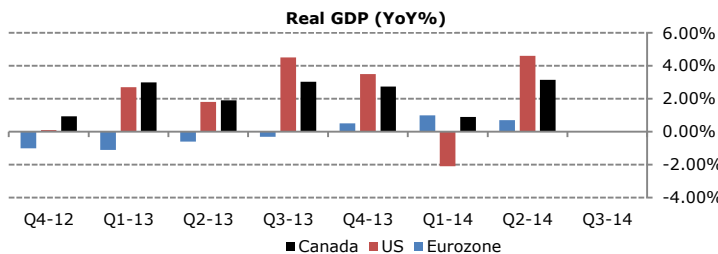
Canada	Q4-13	Q1-14	Q2-14	Q3-14	2013E
Real GDP	2.75%	0.90%	3.15%	NA	1.80%
CPI	0.93%	1.37%	2.23%	2.07%	0.90%
Unemployment	7.20%	6.90%	7.10%	6.80%	7.05%

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%	1.80%	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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