

Today's Commentary

Markets dipped yesterday on a slightly more hawkish tone from the Fed which will be ending QE3 this month. The S&P 500 was down 2.75 points (0.14%) to 1,982.30, while the Dow also fell 31.44 points (0.18%) to 16,974.31. At home, the TSX also closed lower, slipping 96.68 points (0.66%) to 14,527.57. On news of the Fed statement, the US dollar strengthened against most major currencies while US yields rose, sending the US 10s up 2bps to 2.32%. US third quarter GDP released this morning showed a seasonally adjusted annual growth rate of 3.5%, exceeding market forecasts of 3%. This result will likely put continued upward pressure on US yields and the greenback in trading today.

The Fed announced the end of quantitative easing yesterday in its release at 2pm (not 6pm as stated yesterday), citing a strong US labour market and lower unemployment rate since its previous meeting last month. QE3 has added an additional \$1.66 trillion to the Fed's balance sheet, for a total of \$4.48 trillion between the 3 rounds since the recession of 2008. The Fed also stated it would continue to keep interest rates low until inflation outlook for "one-to-two-years ahead" had returned to its 2 percent target. Global growth was stated as a concern to continued US growth outlook, but interest rates could rise sooner than anticipated if the Fed accelerates progress toward its goal of full employment and price stability.

UK banks are awaiting the announcement by the Bank of England on bank regulation, which will occur today at 2:00pm London time. The BOE is expected to follow in the US's footsteps of enforcing a leverage ratio that exceeds the current global minimum of 3%. Many of the banks have shown concern with this possible decision. Executives fear that if this decision is made, it will result in more expensive loans for homeowners. In addition, according to Simon Hills, an executive at the British Bankers' Association, "the measure could create perverse effects, incentivizing banks to increase the cost of new mortgages or even to engage in higher-risk lending".

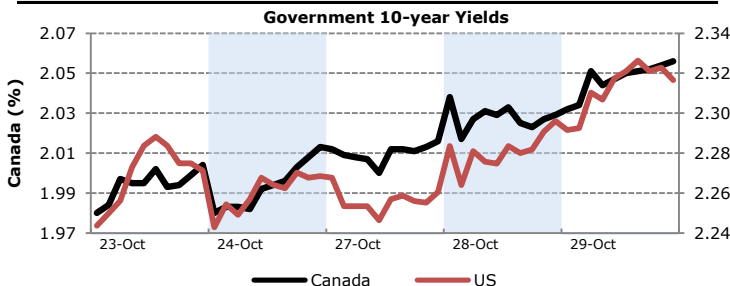
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

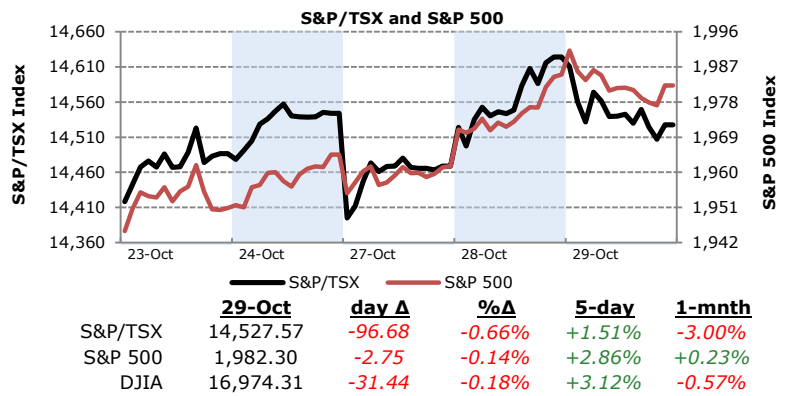
United States	Period	Survey	Actual	Prior
Continuing Claims	18-Oct	2410K	2381K	2402K
Initial Jobless Claims	18-Oct	280K	287K	283K
GDP QoQ (Annualized)	30-Sep	3%	3.5%	4.6%

Canada	Period	Survey	Actual	Prior
None Scheduled				

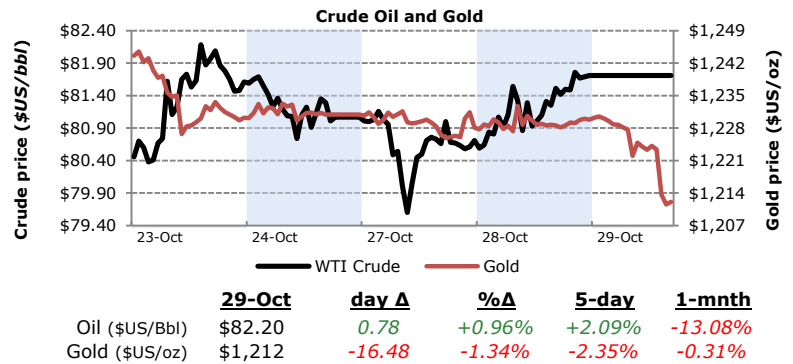
Interest Rates



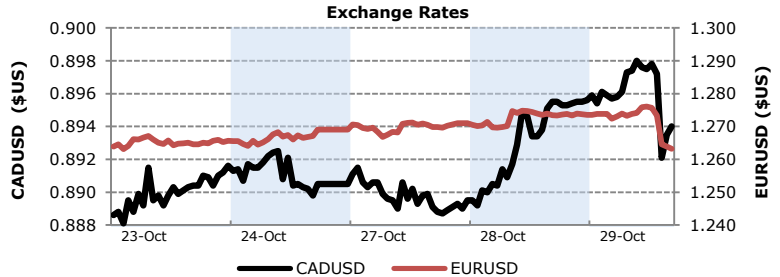
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	29-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.118	+0.002	1.124	1.116	1.047
EURUSD	\$1.263	-0.010	1.265	1.269	1.375
USDJPY	¥108.89	+0.730	107.140	109.50	98.19

	29-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Government 10-year Yields					
Canada	2.06%	0.027%	2.12%	2.16%	2.41%
United States	2.32%	0.021%	2.48%	2.56%	2.50%

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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Nymex WTI Crude Oil

(\$US/Bbl)	29-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$82.20	+\$0.78	+0.96%	+2.09%	-13.08%
Cal 15	\$81.38	+\$0.73	+0.90%	+2.79%	-11.14%
Cal 16	\$80.88	+\$0.44	+0.54%	+2.42%	-9.92%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$92.50	\$93.50	\$95.25	\$95.00	\$94.80
Current Forward	\$81.82	\$81.47	\$81.17	\$81.07	\$80.88

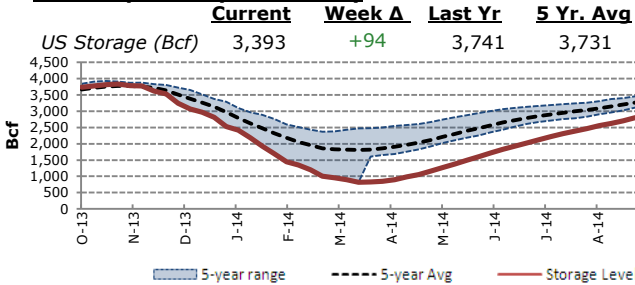
Inventory Levels (as of Oct-24)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	379,745	+2,061	337,426	319,411
Motor Gas	203,138	-1,236	214,389	200,481
Distillates	120,377	-5,294	171,756	140,851

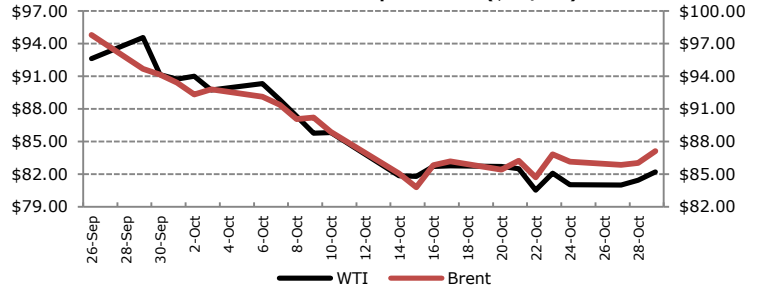
Nymex Natural Gas

(\$US/MMbtu)	29-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.73	+\$0.08	+2.16%	+1.89%	-10.26%
Dec14-Mar15	\$3.81	+\$0.08	+2.05%	+1.59%	-7.61%
Apr15-Oct15	\$3.66	+\$0.06	+1.62%	+1.02%	-6.27%
Nov15-Mar16	\$3.92	-\$0.02	-0.44%	-0.40%	-6.84%
Apr16-Oct16	\$3.85	+\$0.04	+1.16%	+1.44%	-4.04%

Inventory Levels (as of Oct-17)



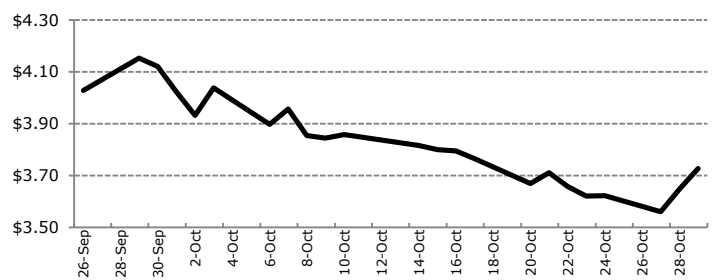
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	29-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$87.12	+\$1.09	+1.25%	+2.85%	-7.98%

Nat Gas Prompt (\$US/MMbtu)



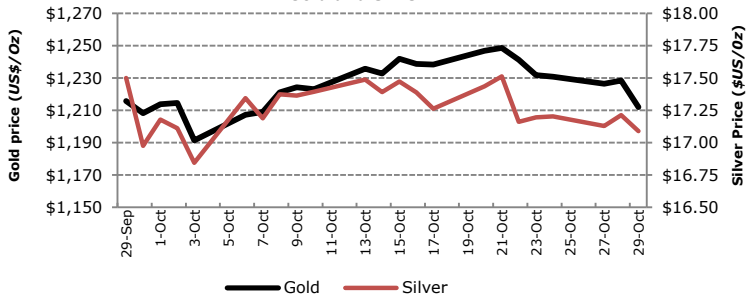
Alberta Natural Gas

(\$CAD/GJ)	29-Oct	day Δ	%Δ
AECO Nov-14	\$3.66	+\$0.08	+2.3%

Precious Metals

\$US/oz	29-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,212.06	-\$16.48	-1.3%	-2.4%	-0.3%	-6.0%
Silver	\$17.09	-\$0.12	-0.7%	-0.4%	-2.3%	-13.6%
Platinum	\$1,261	-\$5.45	-0.4%	-0.1%	-3.5%	-13.2%

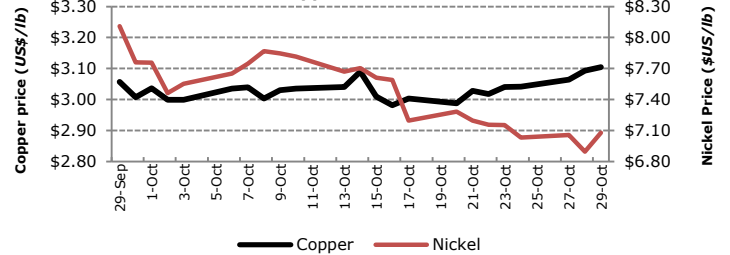
Gold and Silver



Industrial Metals

\$US/lb	29-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.10	+\$0.01	+0.4%	+2.9%	+1.6%	-3.1%
Nickel	\$7.08	+\$0.18	+2.7%	-1.1%	-12.7%	-18.0%
Zinc	\$1.11	+\$0.00	+0.1%	+2.7%	-0.7%	-4.1%
Aluminum	\$0.96	+\$0.01	+1.1%	0.0%	+3.2%	0.0%
Uranium	\$37.00	+\$0.30	+0.8%	+2.8%	+4.2%	+26.3%

Copper and Nickel



Agriculture & Other

	29-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.75	+\$0.11	+2.9%	+6.3%	+17.0%
Wheat (\$US/bu)	\$5.38	+\$0.08	+1.4%	+3.1%	+12.7%
Soybeans (\$US/bu)	\$10.49	+\$0.34	+3.3%	+8.2%	+13.9%
Rough Rice (\$US/cwt)	\$12.38	+\$0.07	+0.6%	-2.8%	-4.0%
Sugar #11 (¢US/lb)	¢16.30	+¢0.17	+1.1%	-1.2%	-0.9%
Lean Hogs (¢US/lb)	¢88.60	-¢1.60	-1.8%	-1.3%	-6.3%
Live Cattle (¢US/lb)	¢166.75	-¢1.03	-0.6%	-0.8%	+2.0%
Cotton No.2 (\$US/lb)	\$0.65	+\$0.01	+1.4%	+4.3%	+6.5%
Lumber (\$US/Mbft)	\$320.90	-\$5.10	-1.6%	-3.0%	-4.9%

Commodity ETFs

	29-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$3.49	+\$0.08	+2.3%	+3.9%	-23.5%
HBP Nat Gas U	\$9.68	+\$0.23	+2.4%	+2.1%	-19.6%
iShares Gold ETF	\$10.75	-\$0.15	-1.4%	-2.5%	-0.5%
\$USD					
US Crude Oil	\$31.23	+\$0.41	+1.3%	2.23%	-11.2%
US Nat Gas	\$19.84	+\$0.25	+1.3%	1.22%	-8.1%
PSDB Agriculture	\$25.88	+\$0.14	+0.5%	0.31%	+2.2%
PSDB Base Metals	\$17.22	+\$0.16	+0.9%	1.86%	+1.6%

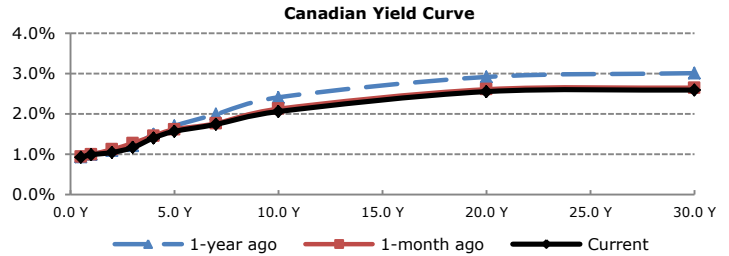
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Interest Rates

Canadian yield curve

	29-Oct	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.88%	-	0.91%	0.96%	0.90%
6-mnth	0.92%	-	0.94%	0.98%	0.93%
12-mnth	0.98%	+0.01%	1.00%	1.03%	1.00%
2-year	1.04%	+0.03%	1.12%	1.10%	1.09%
5-year	1.56%	+0.05%	1.62%	1.52%	1.70%
10-year	2.06%	+0.03%	2.12%	2.16%	2.41%
20-year	2.55%	+0.00%	2.61%	2.66%	2.91%
30-year	2.59%	+0.01%	2.65%	2.69%	3.01%

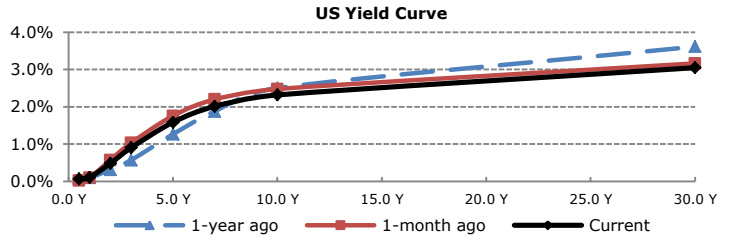
Historical Levels



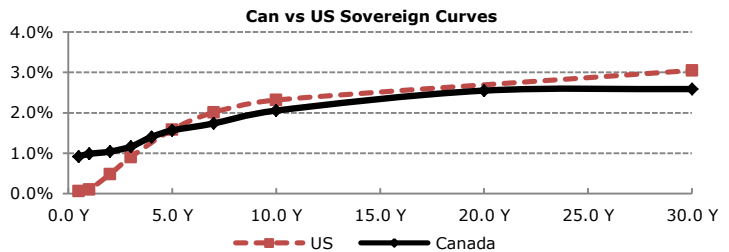
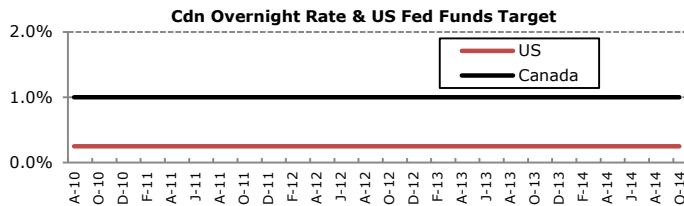
US yield curve

	29-Oct	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-	0.01%	0.02%	0.04%
6-mnth	0.06%	+0.02%	0.02%	0.05%	0.08%
12-mnth	0.10%	+0.01%	0.10%	0.11%	0.10%
2-year	0.48%	+0.09%	0.57%	0.53%	0.31%
5-year	1.58%	+0.07%	1.76%	1.75%	1.26%
10-year	2.32%	+0.02%	2.48%	2.56%	2.50%
30-year	3.05%	-0.02%	3.16%	3.32%	3.61%

Historical Levels



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	0-Jan-00	#N/A
US Fed Funds	0.25%	0.25%	0-Jan-00	#N/A



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	29-Oct	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.118	+0.002	1.116	1.080	1.047	
EURUSD	\$1.263	-0.010	1.269	1.344	1.375	
USDJPY	¥108.89	+0.730	109.50	101.86	98.19	
GBPUSD	\$1.601	-0.012	1.624	1.698	1.605	
AUDUSD	\$0.880	-0.006	0.872	0.941	0.948	

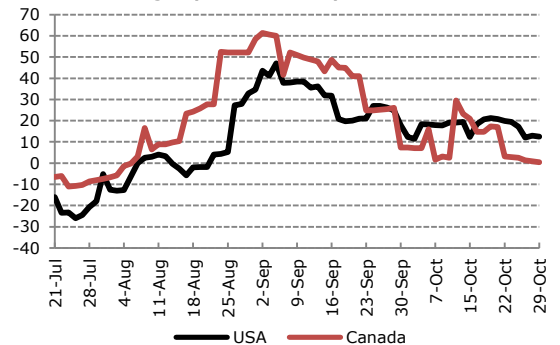
	Spot	29-Oct	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥97.37	+0.510	98.08	94.32	93.79	
CADAUD	\$1.016	+0.005	1.027	0.984	1.008	
GBPUSD	£1.791	-0.011	1.813	1.834	1.680	
EURJPY	¥137.56	-0.170	138.90	136.89	134.96	
EURAUD	\$1.44	-0.002	1.46	1.43	1.45	

Economic Releases

United States

		Period	Survey	Actual	Prior
Tue, Oct 28	Durable Goods Orders	30-Sep	0.5%	-1.3%	-18.2%
Tue, Oct 28	Consumer Confidence	31-Oct	87	94.5	86
Thu, Oct 30	Continuing Claims	18-Oct	2352K	--	2351K
Thu, Oct 30	Initial Jobless Claims	18-Oct	285K	--	283K
Thu, Oct 30	GDP QoQ (Annualized)	30-Jun	3%	--	4.6%
Fri, Oct 31	Personal Income	30-Sep	0.3%	--	0.2%

Citigroup Economic Surprise Index

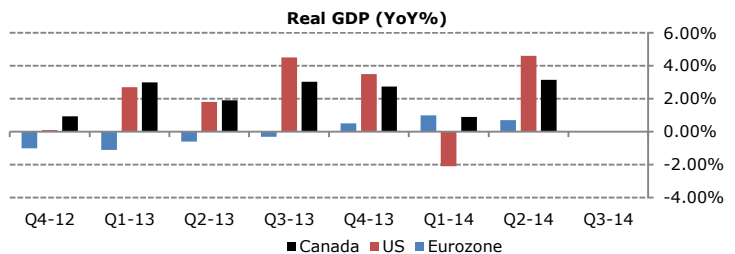


Canada

		Period	Survey	Actual	Prior
Fri, Oct 31	GDP MoM	31-Aug	--	--	0%

Economics

	Q4-13	Q1-14	Q2-14	Q3-14	2013E
Canada					
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					
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					
Real GDP	7.70%	7.40%	7.50%	7.30%	7.70%



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