

Today's Commentary

US markets rallied yesterday, as investors showed confidence that the improving US economy can withstand less monetary stimulus. The S&P 500 gained 12.35 points (0.62%) to 1,994.65, reaching a level within 1% of its record high on September 18. The Dow surged 221.11 points (1.3%) to 17,195.42 after the shares of its largest constituent, Visa, jumped 10% on positive earnings. In Canada, the TSX declined 68.88 points (-0.47%) on the back of poor third quarter earnings reports for gold sector companies which have largely been blamed on weakness in the price of bullion. Economic sentiment gauges in the Eurozone as measured by the European Commission came in surprisingly positive yesterday, leading the Stoxx 50 up 13.48 points (0.45%). German unemployment figures released yesterday for the month of October fell to a three-year low, indicating stronger than expected demand in the nation. Canadian August real GDP data out this morning unexpectedly showed a 0.1% m/m contraction versus expectations of flat growth for the month. The data release will likely weigh on the Canadian dollar but favour fixed income in trading today.

Third quarter US GDP exceeded expectations of 3% yesterday, coming in at an annualized rate of 3.5%. Along with even stronger growth in the second quarter of 4.6%, the news marked the strongest six month period in over a decade. Third quarter GDP growth was primarily due to government outlays, which increased by 4.6%, and a reduction of the trade deficit, which fell \$50 billion to \$410 billion. Though consumer spending was down from last quarter, continued improvements in consumer confidence due to strong employment and the low price of oil is expected to give it a strong showing in the fourth quarter. It is expected US GDP will hold strong into 2015, with an anticipated growth of 3%, though weakening growth abroad may be of concern to export numbers.

Four of China's five largest banks showed a drop in deposits during their third quarter earnings releases this week. The reports showed the first fall in deposits since 1999; a reduction of 950 billion yuan to take total deposits to just below 113 trillion. The drop came after the China Banking Regulatory Commission introduced stricter rules in September to reduce manipulation of reported numbers by banks using high interest rates, as well as kickbacks, to attract deposits near the end of reporting periods. Bad loans are also beginning to increase, further reducing bank profits which have already slowed to 6% growth from 10% a year ago. The new regulations could result in weaker deposits and loan growth, which would raise borrowing costs and hurt China's slowing economic growth even further.

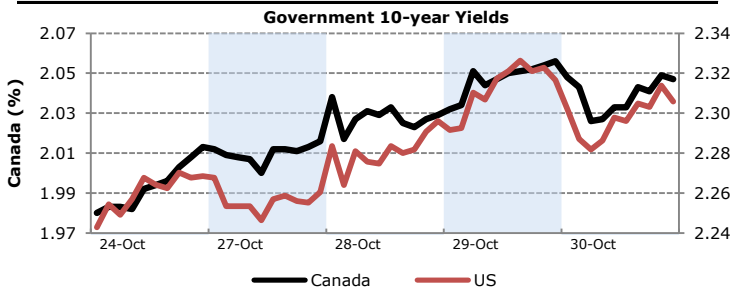
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

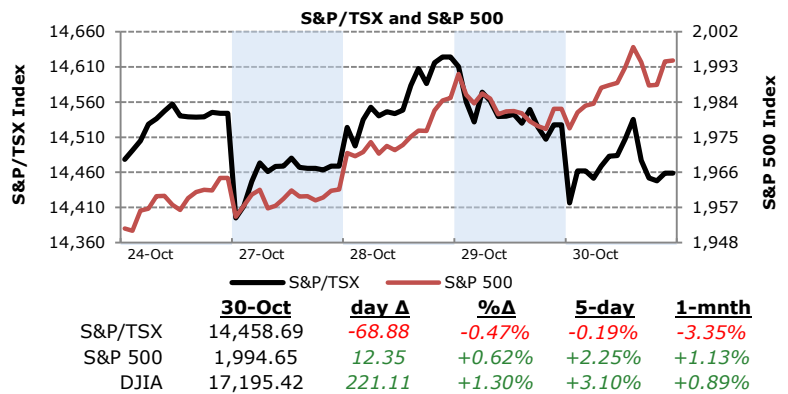
United States	Period	Survey	Actual	Prior
Personal Income	31-Oct	0.3%	0.2%	0.3%

Canada	Period	Survey	Actual	Prior
GDP MoM	30-Aug	0%	-0.1%	0%

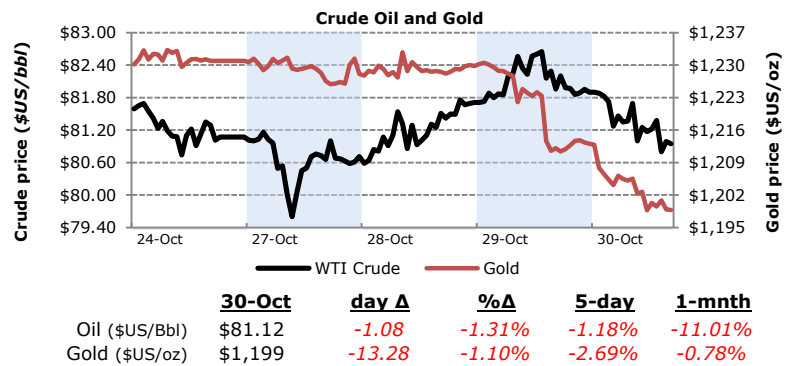
Interest Rates



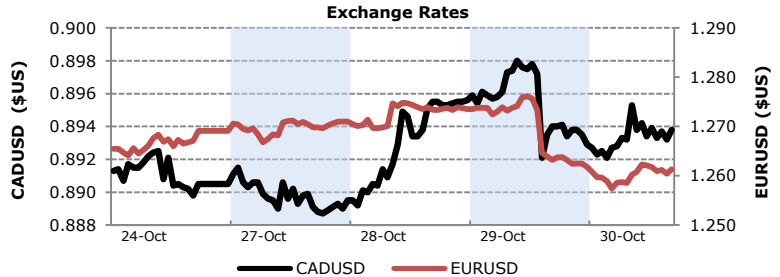
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	30-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.118	+0.000	1.123	1.120	1.048
EURUSD	\$1.261	-0.002	1.265	1.263	1.374
USDJPY	¥109.21	+0.320	108.270	109.65	98.51

Government 10-year Yields

	30-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.05%	-0.009%	2.15%	2.12%	2.43%
United States	2.31%	-0.012%	2.49%	2.49%	2.54%

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.rotmanfinanceassociation.com>

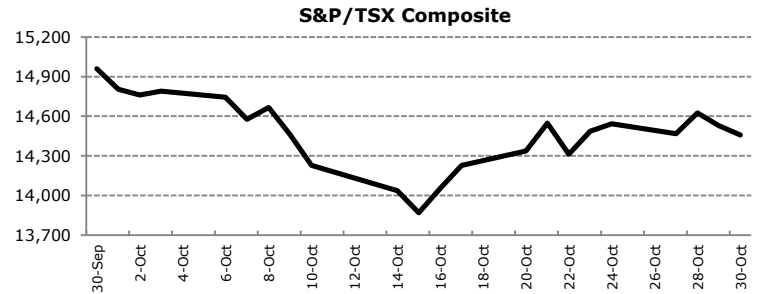
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	30-Oct	day Δ	%Δ
S&P/TSX	14,458.69	-68.88	-0.47%

	Trailing S&P/TSX	TSX 60
5-day	-0.19%	+0.17%
1-month	-3.35%	-2.83%
3-months	-6.87%	-6.33%
6-months	-1.32%	+0.27%
12-months	+7.46%	+8.50%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.21%	+1.65%	+2.89%	+17.29%
C. Staples	+0.46%	+3.16%	+3.33%	+24.31%
Energy	-1.31%	-3.55%	-12.70%	-6.03%
Financials	+0.28%	+0.92%	-1.12%	+10.75%
Healthcare	+4.37%	+4.50%	+3.16%	+18.59%
Info Tech	+0.41%	+3.17%	+1.77%	+27.99%
Industrials	+0.37%	+1.00%	-1.46%	+23.06%
Materials	-4.96%	-6.24%	-11.03%	-14.28%
Metals & Mining	-3.65%	-4.06%	-15.50%	-19.06%
Telecom	+0.32%	+1.73%	+3.23%	+4.70%
Utilities	-0.63%	+2.18%	+1.88%	+5.27%

TSX Top Performers

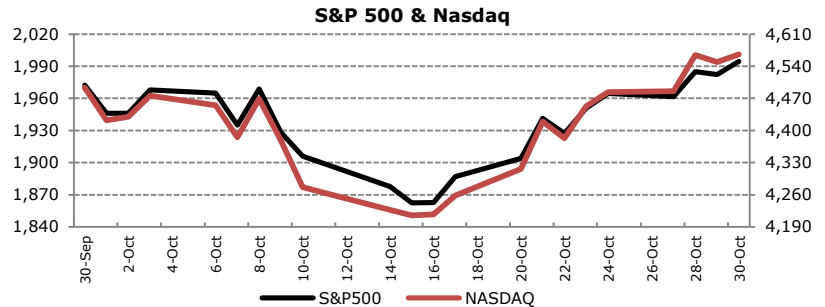
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Catamaran Corp		+12.87%	+13.43%	+11.88%	+2.05%
Progressive Waste Solutio		+7.11%	+8.58%	+11.01%	+14.63%
Canaccord Genuity Group I		+2.93%	-0.94%	-16.74%	+43.07%
West Fraser Timber Co Ltd		+2.35%	+3.78%	+4.57%	+19.88%
Air Canada-Class B		+2.35%	+10.76%	+9.31%	+60.14%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Semafo Inc		-17.32%	-23.71%	-27.09%	+1.02%
Yamana Gold Inc		-16.97%	-20.54%	-26.51%	-53.41%
Centerra Gold Inc		-14.29%	-16.13%	-13.81%	+12.77%
Torex Gold Resources Inc		-14.08%	-21.29%	-19.74%	-1.61%
Goldcorp Inc		-13.31%	-17.07%	-19.94%	-24.57%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing 30-Oct	1,994.65	17,195.42	4,566.14
1-day	+0.62%	+1.30%	+0.37%
5-day	+2.25%	+3.10%	+2.55%
1-month	+1.13%	+0.89%	+1.62%
3-months	+1.25%	+1.87%	+2.31%
6-months	+5.88%	+3.71%	+10.98%
12-months	+13.12%	+10.09%	+16.17%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.66%	+1.51%	+1.10%	+6.67%
C. Staples	+0.55%	+1.91%	+2.70%	+9.11%
Energy	-0.31%	-0.24%	-4.92%	-0.38%
Financials	+0.49%	+2.89%	+1.59%	+13.32%
Healthcare	+1.81%	+4.14%	+4.72%	+26.34%
Info Tech	+0.23%	+2.35%	-0.10%	+21.06%
Industrials	+0.38%	+2.53%	+2.59%	+11.63%
Materials	+0.73%	-1.04%	-4.41%	+8.08%
Telecom	+0.28%	+3.07%	-0.95%	-0.50%
Utilities	+2.06%	+2.92%	+7.87%	+16.69%

DJIA Top Performers

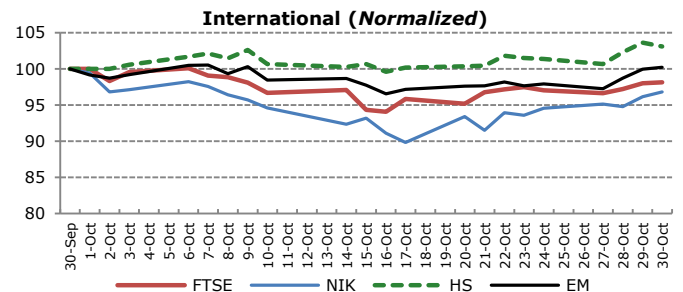
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Visa Inc-Class A Shares		+10.24%	+10.44%	+12.19%	+16.11%
Merck & Co. Inc.		+1.98%	+1.20%	-3.53%	+26.68%
Johnson & Johnson		+1.40%	+4.30%	+0.47%	+15.36%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Intel Corp		-3.95%	-0.34%	-6.65%	+33.03%
Microsoft Corp		-1.22%	+2.29%	-0.84%	+29.57%
Exxon Mobil Corp		-0.15%	+0.36%	+0.02%	+6.35%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing Last Close	6,463.55	15,658.20	23,702.04	1,007.54
1-day	+0.15%	+0.67%	-0.49%	+0.26%
5-day	+0.69%	+3.43%	+1.58%	+2.63%
1-month	-2.40%	-3.19%	+3.35%	+0.22%
3-months	-4.58%	+0.08%	-4.17%	-6.60%
6-months	-4.67%	+9.47%	+7.08%	+1.23%
12-months	-4.64%	+7.97%	+1.71%	-3.38%



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Nymex WTI Crude Oil

(\$US/Bbl)	30-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$81.12	-\$1.08	-1.31%	-1.18%	-11.01%
Cal 15	\$80.51	-\$0.87	-1.07%	-0.39%	-11.62%
Cal 16	\$80.34	-\$0.54	-0.66%	+0.09%	-10.16%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$92.50	\$93.50	\$95.25	\$95.00	\$94.60
Current Forward	\$80.76	\$80.53	\$80.37	\$80.36	\$80.34

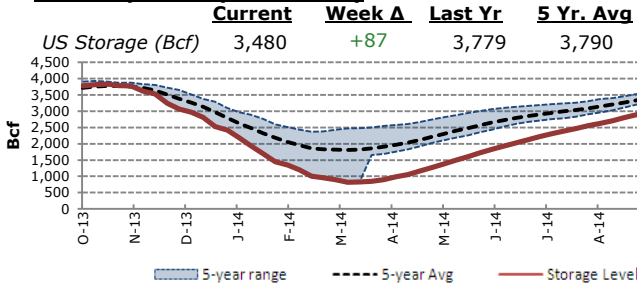
Inventory Levels (as of Oct-24)

(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

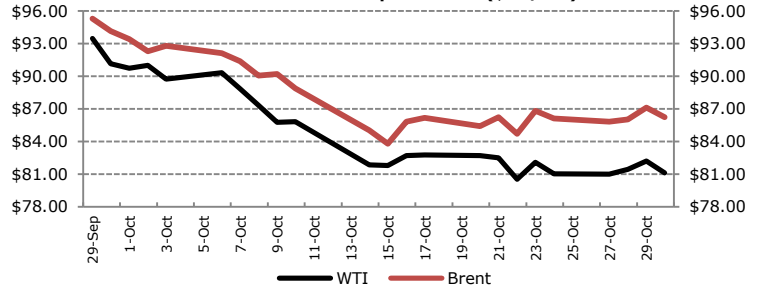
Nymex Natural Gas

(\$US/MMbtu)	30-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.83	+\$0.04	+1.03%	+5.66%	-7.13%
Dec14-Mar15	\$3.82	+\$0.03	+0.89%	+2.89%	-7.44%
Apr15-Oct15	\$3.68	+\$0.03	+0.71%	+2.29%	-5.92%
Nov15-Mar16	\$4.00	+\$0.02	+0.62%	+2.36%	-4.82%
Apr16-Oct16	\$3.85	+\$0.02	+0.40%	+1.82%	-4.00%

Inventory Levels (as of Oct-24)



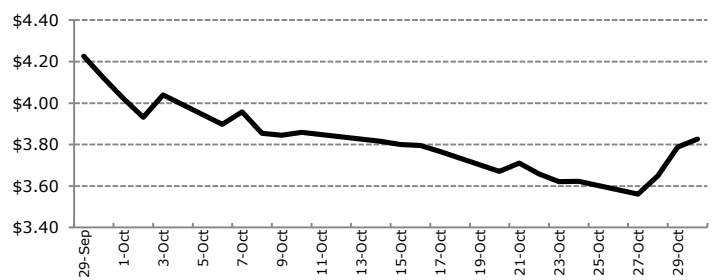
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	30-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$86.24	-\$0.88	-1.02%	-0.68%	-8.41%

Nat Gas Prompt (\$US/MMbtu)



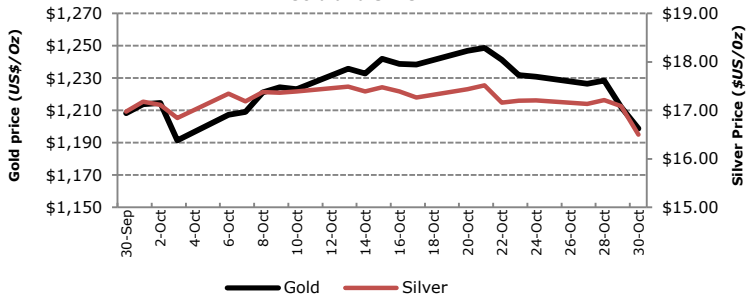
Alberta Natural Gas

(\$CAD/GJ)	30-Oct	day Δ	%Δ
AECO Nov-14	\$3.68	+\$0.02	+0.7%

Precious Metals

\$US/oz	30-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,198.78	-\$13.28	-1.1%	-2.7%	-0.8%	-8.2%
Silver	\$16.50	-\$0.59	-3.4%	-4.0%	-2.8%	-17.7%
Platinum	\$1,246	-\$15.70	-1.2%	-0.8%	-4.2%	-14.9%

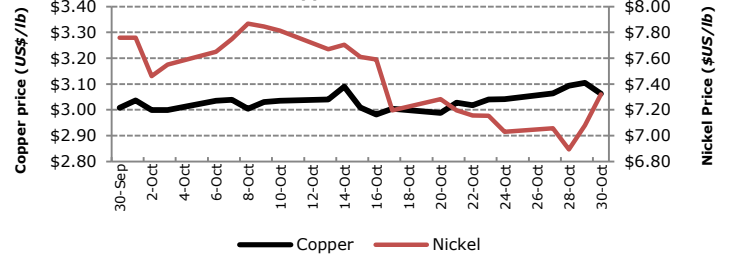
Gold and Silver



Industrial Metals

\$US/lb	30-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.06	-\$0.04	-1.4%	+0.7%	+1.8%	-3.3%
Nickel	\$7.32	+\$0.24	+3.4%	+2.3%	-5.7%	-15.7%
Zinc	\$1.12	+\$0.01	+0.5%	+0.8%	+0.5%	-4.4%
Aluminum	\$0.97	+\$0.01	+1.0%	+1.0%	+4.3%	0.0%
Uranium	\$37.00	+\$0.00	0.0%	+2.8%	+4.8%	+25.4%

Copper and Nickel



Agriculture & Other

	30-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.74	-\$0.01	-0.3%	+4.0%	+16.4%
Wheat (\$US/bu)	\$5.36	-\$0.02	-0.4%	+1.8%	+11.9%
Soybeans (\$US/bu)	\$10.30	-\$0.19	-1.8%	+3.0%	+11.3%
Rough Rice (\$US/cwt)	\$12.21	-\$0.16	-1.3%	-3.1%	-4.6%
Sugar #11 (¢US/lb)	¢16.30	+¢0.00	+0.0%	+0.9%	+1.6%
Lean Hogs (¢US/lb)	¢87.20	-¢1.40	-1.6%	-1.7%	-8.1%
Live Cattle (¢US/lb)	¢167.33	+¢0.57	+0.3%	-1.0%	+0.9%
Cotton No.2 (\$US/lb)	\$0.65	-\$0.01	-1.3%	+2.3%	+3.8%
Lumber (\$US/Mbft)	\$322.60	+\$1.70	+0.5%	-2.8%	-7.1%

Commodity ETFs

	30-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$3.40	-\$0.09	-2.6%	-1.7%	-20.6%
HBP Nat Gas U	\$9.89	+\$0.21	+2.1%	+5.2%	-18.2%
iShares Gold ETF	\$10.63	-\$0.12	-1.1%	-3.1%	-1.3%
\$USD					
US Crude Oil	\$30.76	-\$0.47	-1.5%	-0.97%	-13.4%
US Nat Gas	\$20.06	+\$0.22	+1.1%	2.77%	-9.1%
PSDB Agriculture	\$25.72	-\$0.16	-0.6%	-0.77%	+0.1%
PSDB Base Metals	\$17.20	-\$0.02	-0.1%	1.65%	+1.0%

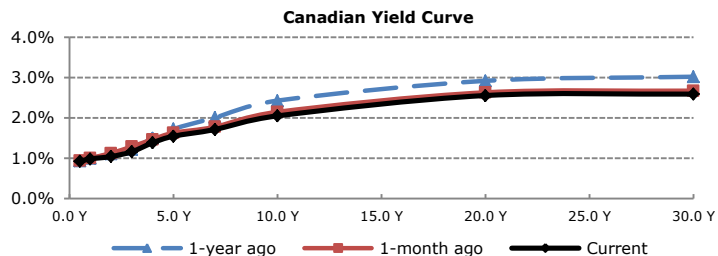
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Interest Rates

Canadian yield curve

	30-Oct	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.88%	-	0.92%	0.96%	0.90%
6-mnth	0.92%	-	0.94%	0.99%	0.93%
12-mnth	0.98%	-0.00%	1.00%	1.02%	1.00%
2-year	1.04%	-0.00%	1.12%	1.07%	1.10%
5-year	1.54%	-0.02%	1.63%	1.47%	1.72%
10-year	2.05%	-0.01%	2.15%	2.12%	2.43%
20-year	2.55%	+0.00%	2.63%	2.62%	2.92%
30-year	2.59%	-0.00%	2.67%	2.66%	3.02%

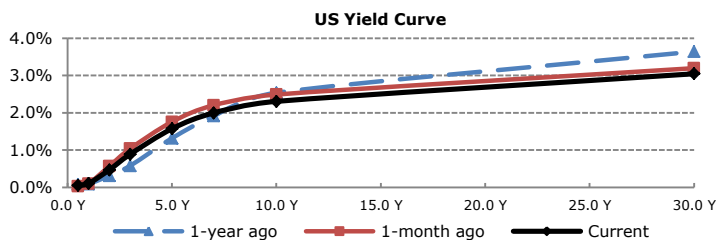
Historical Levels



US yield curve

	30-Oct	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-0.01%	0.02%	0.02%	0.03%
6-mnth	0.05%	-0.01%	0.03%	0.04%	0.08%
12-mnth	0.10%	-	0.10%	0.10%	0.09%
2-year	0.47%	-0.01%	0.57%	0.47%	0.31%
5-year	1.57%	-0.01%	1.76%	1.66%	1.32%
10-year	2.31%	-0.01%	2.49%	2.49%	2.54%
30-year	3.05%	-0.00%	3.20%	3.28%	3.64%

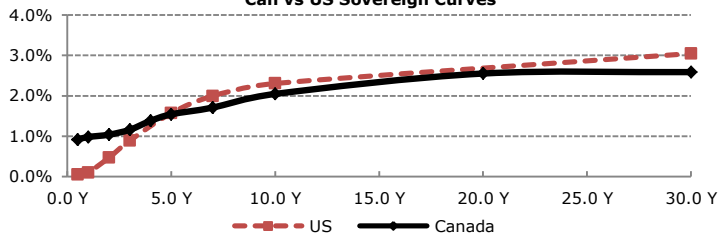
Historical Levels



	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



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	30-Oct	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$1.118	+0.000	1.120	1.085	1.048
EURUSD	\$1.261	-0.002	1.263	1.341	1.374
USDJPY	¥109.21	+0.320	109.65	102.12	98.51
GBPUSD	\$1.600	-0.001	1.621	1.694	1.604
AUDUSD	\$0.884	+0.004	0.875	0.938	0.948

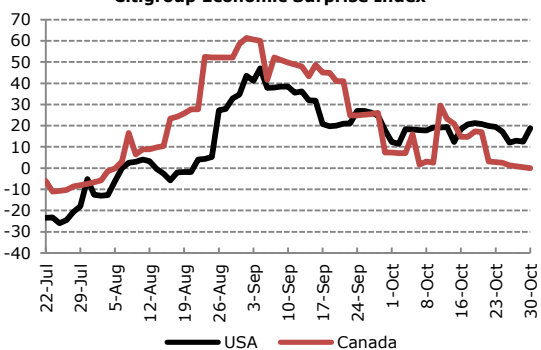
Spot	30-Oct	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥97.64	+0.268	97.92	94.10	94.00
CADAUD	\$1.012	-0.005	1.021	0.982	1.006
GBPCAD	£1.790	-0.001	1.816	1.839	1.681
EURJPY	¥137.75	+0.190	138.49	136.93	135.32
EURAUD	\$1.43	-0.008	1.44	1.43	1.45

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	2384K	2351K
Thu, Oct 30	Initial Jobless Claims	25-Oct	285K	287K	283K
Thu, Oct 30	GDP QoQ (Annualized)	30-Sep	3%	3.5%	0%
Fri, Oct 31	Personal Income	31-Oct	0.3%	--	0.3%

Citigroup Economic Surprise Index



Canada

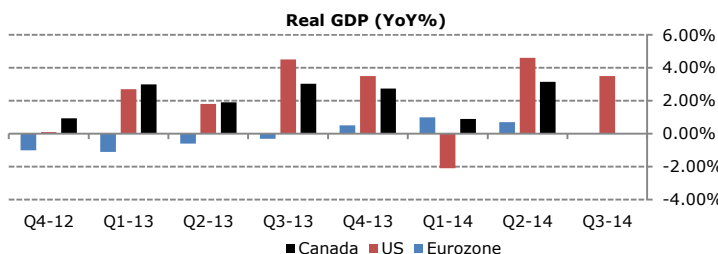
	Period	Survey	Actual	Prior	
Fri, Oct 31	GDP MoM	30-Sep	--	0%	0.3%

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%	3.50%	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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