

Today's Commentary

The bearish trend in markets continued yesterday, as they reacted to the International Monetary Fund's new and decreased global growth forecasts. The S&P 500 dropped to an 8-week low yesterday, falling 151bps to 1,935.10, while the TSX slumped 113bps to 14,576.45. The Dow fell 160bps to 16,719.39. The VIX also jumped 13% to 17.43 and the Stoxx Europe slipped 150bps to its lowest level in 7-weeks. In addition to new forecasted growth, the IMF also warned of corrections in financial markets as stock indexes reach new highs. In response to the IMF announcement, there was a flight to safety as the yield on American 10s fell to 2.34%, the yield on the Canadian 10s declined to 2.03%, and gold rose 9bps to 1,213.50.

The IMF's newly released World Economic Outlook slashed global growth forecasts for this year to 3.3% from 3.4%, while next year's growth has been revised to 3.8% from 4%. An uneven economic recovery increased geopolitical tensions and a lack of structural reforms targeting potential GDP were all cited as reasons for the downgrade. Additionally, the IMF claims that the global monetary easing, which has sent investors in search for greater yields, could contribute to the build-up of financial excess in certain markets.

August's US Consumer Credit report was released yesterday showing an increase in consumer borrowing for the 36th consecutive month. The increase was largely due to vehicle sales and the US government's acquisition of student loans from private lenders, pushing borrowing up in August by \$13.7 billion and total consumer debt to an all-time high of \$3.25 trillion. The report missed its consensus of \$20 billion however, as revolving credit, mostly credit card debt, declined by \$0.2 billion and the non-revolving credit portion was the smallest since January. The continuing rise of consumer borrowing, along with hearty employment numbers, indicate consumers are confident about financing purchases with debt. This is a healthy sign for the market as consumer spending makes up 70% of economic activity. Increases in the debt level are expected to continue for the last quarter of this year.

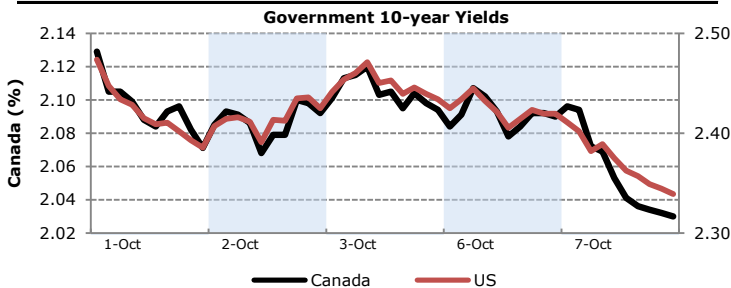
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

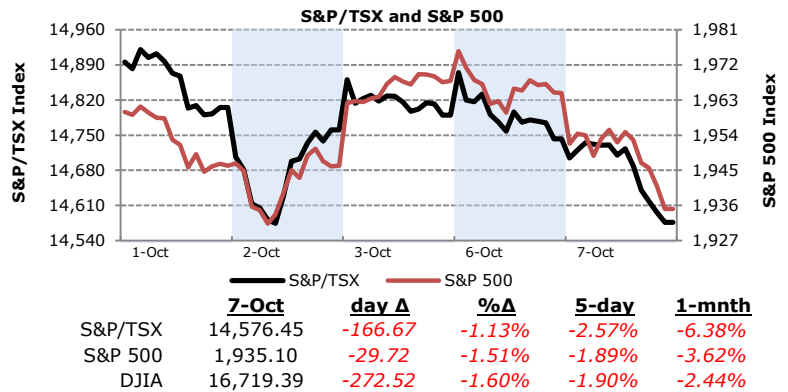
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
Housing Starts	31-Oct	198K	197.3K	196.3K

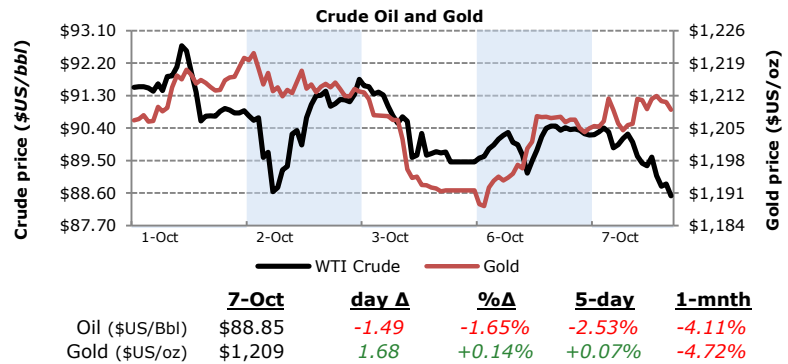
Interest Rates



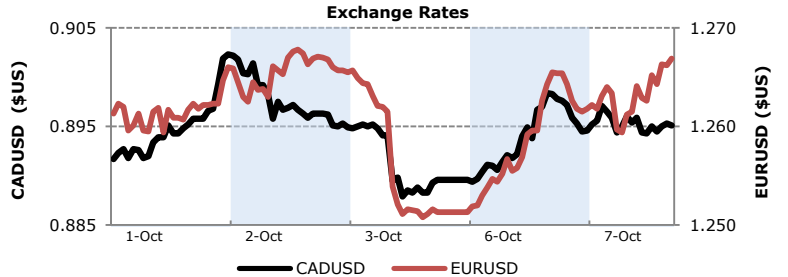
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	7-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.118	+0.004	1.120	1.097	1.031
EURUSD	\$1.267	+0.001	1.263	1.290	1.358
USDJPY	¥108.03	-0.750	109.650	106.03	96.71

Government 10-year Yields

	7-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	2.03%	-0.060%	2.12%	2.25%	2.57%
United States	2.34%	-0.080%	2.46%	2.55%	2.63%

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>

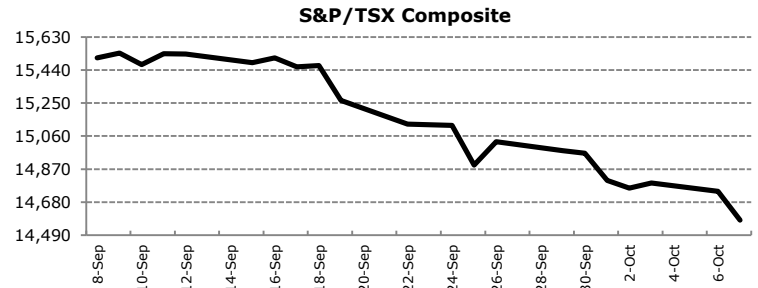
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	7-Oct	day Δ	%Δ
S&P/TSX	14,576.45	-166.67	-1.13%

	Trailing S&P/TSX	TSX 60
5-day	-2.57%	-2.61%
1-month	-6.38%	-6.09%
3-months	-3.93%	-3.14%
6-months	+2.15%	+3.32%
12-months	+13.98%	+14.70%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.49%	-0.11%	-4.77%	+18.66%
C. Staples	-0.10%	+0.20%	-0.57%	+25.84%
Energy	-1.89%	-5.84%	-12.72%	+4.61%
Financials	-0.65%	-1.48%	-4.16%	+17.39%
Healthcare	-1.65%	-2.30%	-2.93%	+15.19%
Info Tech	-0.80%	-1.33%	-2.72%	+25.32%
Industrials	-2.03%	-2.92%	-3.52%	+30.82%
Materials	-2.12%	-4.80%	-12.35%	-3.33%
Metals & Mining	-3.36%	-6.92%	-15.51%	-3.65%
Telecom	-0.26%	+1.03%	-2.94%	+7.00%
Utilities	+0.85%	+0.31%	-0.04%	+9.57%

TSX Top Performers

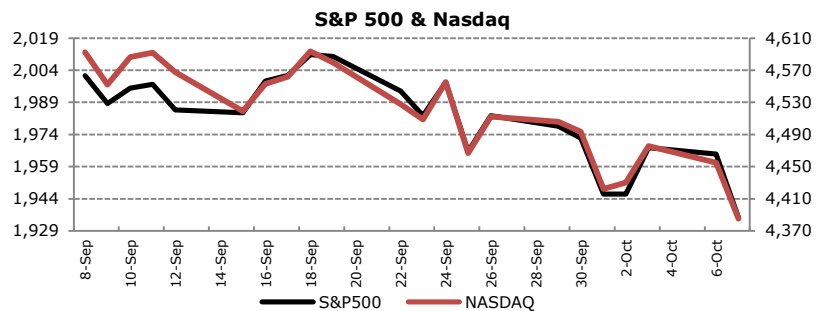
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Oceanagold Corp		+3.43%	+4.33%	-11.72%	+59.60%
Parex Resources Inc		+2.27%	-5.94%	-15.94%	+97.14%
Constellation Software In		+2.12%	+3.82%	+8.68%	+65.21%
Nuvista Energy Ltd		+1.99%	-1.73%	-5.18%	+52.99%
Cogeco Cable Inc		+1.88%	+2.29%	-5.50%	+22.10%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Avigilon Corp		-11.30%	-24.75%	-26.40%	-25.62%
Iamgold Corp		-8.81%	-13.23%	-31.55%	-43.49%
Westport Innovations Inc		-7.94%	-37.93%	-50.51%	-71.73%
Labrador Iron Ore Royalty		-5.97%	-1.33%	-24.25%	-24.66%
Silver Standard Resources		-5.76%	-13.76%	-32.84%	-1.83%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
7-Oct	1,935.10	16,719.39	4,385.20
1-day	-1.51%	-1.60%	-1.56%
5-day	-1.89%	-1.90%	-2.41%
1-month	-3.62%	-2.44%	-4.31%
3-months	-2.15%	-1.79%	-1.49%
6-months	+4.88%	+2.91%	+7.49%
12-months	+15.45%	+11.94%	+16.31%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.46%	-1.61%	-5.08%	+9.15%
C. Staples	-0.49%	+0.23%	-0.32%	+14.09%
Energy	-1.33%	-3.41%	-9.39%	+5.46%
Financials	-1.83%	-1.55%	-2.51%	+15.14%
Healthcare	-1.58%	-1.29%	-1.46%	+24.50%
Info Tech	-1.66%	-2.50%	-3.21%	+24.14%
Industrials	-2.37%	-3.33%	-5.06%	+11.44%
Materials	-1.75%	-4.02%	-5.85%	+13.12%
Telecom	-0.71%	-0.40%	-0.43%	+6.77%
Utilities	-0.10%	+0.93%	-1.99%	+14.89%

DJIA Top Performers

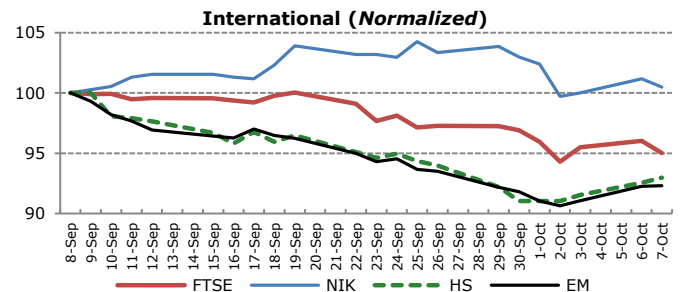
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Coca-Cola Co/The		+0.73%	+2.95%	+5.74%	+22.11%
Wal-Mart Stores Inc		-0.06%	+1.09%	-0.27%	+10.28%
At&T Inc		-0.45%	+0.26%	+0.51%	+9.51%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Caterpillar Inc		-3.37%	-4.37%	-12.75%	+16.32%
United Technologies Corp		-2.69%	-3.96%	-6.70%	-0.40%
Johnson & Johnson		-2.36%	-3.94%	-1.94%	+21.58%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	6,495.58	15,783.83	23,422.52	1,010.86
1-day	-1.04%	-0.67%	+0.46%	+0.05%
5-day	-1.92%	-2.41%	-1.08%	+0.55%
1-month	-5.24%	+0.73%	-7.20%	-7.84%
3-months	-4.81%	+2.63%	-0.50%	-5.02%
6-months	-1.92%	+6.58%	+4.67%	+0.67%
12-months	+0.91%	+13.94%	+1.95%	+0.62%



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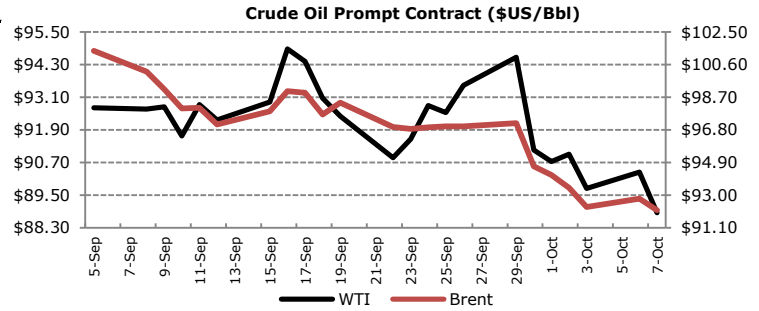
Nymex WTI Crude Oil

(\$US/Bbl)	7-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$88.85	-\$1.49	-1.65%	-2.53%	-4.11%
Cal 15	\$85.95	-\$0.76	-0.88%	-2.42%	-6.52%
Cal 16	\$84.74	-\$0.38	-0.45%	-1.58%	-5.73%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$97.00	\$96.50	\$98.00	\$96.50	\$96.00
Current Forward	\$87.07	\$86.13	\$85.39	\$85.19	\$84.74

Inventory Levels (as of Sep-26)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	356,635	-1,363	337,426	319,411
Motor Gas	208,488	-1,836	214,389	200,481
Distillates	125,701	-2,894	171,756	140,851



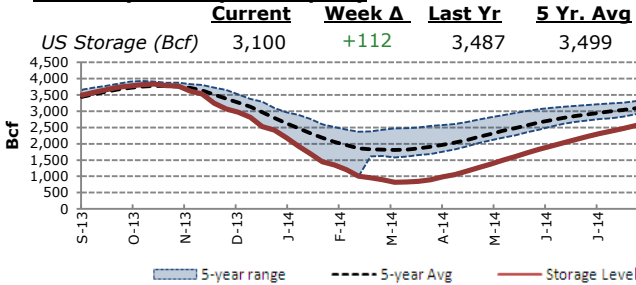
UK Brent Crude Oil

(\$US/Bbl)	7-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.11	-\$0.68	-0.74%	-2.70%	-8.07%

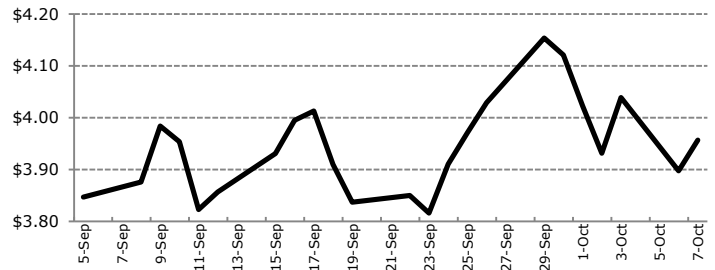
Nymex Natural Gas

(\$US/MMbtu)	7-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.96	+\$0.06	+1.51%	-3.98%	+2.09%
Nov14-Mar15	\$4.06	+\$0.07	+1.66%	-3.04%	-2.15%
Apr15-Oct15	\$3.80	+\$0.04	+0.95%	-2.06%	-2.31%
Nov15-Mar16	\$4.10	+\$0.02	+0.57%	-1.89%	-2.29%
Apr16-Oct16	\$3.92	+\$0.02	+0.41%	-1.49%	-2.08%

Inventory Levels (as of Sep-26)



Nat Gas Prompt (\$US/MMbtu)

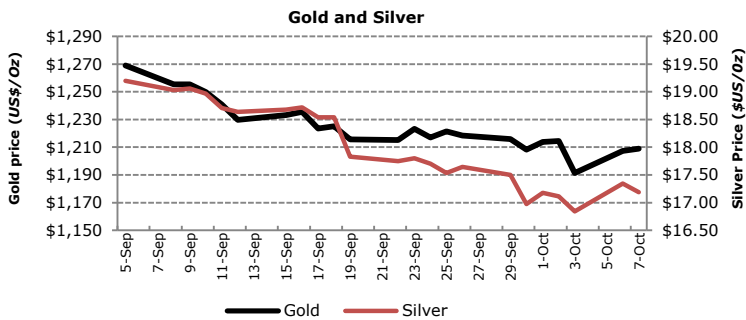


Alberta Natural Gas

(\$CAD/GJ)	7-Oct	day Δ	%Δ
AECO Nov-14	\$3.85	+\$0.03	+0.8%

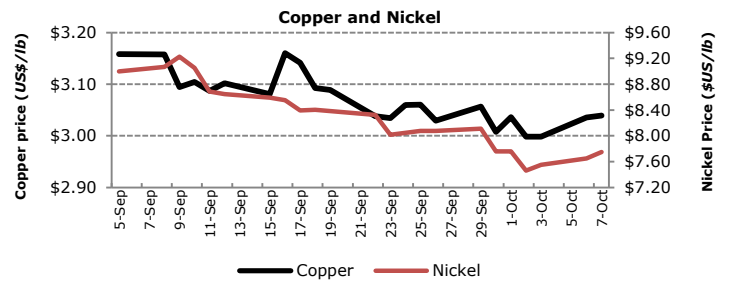
Precious Metals

\$US/oz	7-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,208.98	+\$1.68	+0.1%	+0.1%	-4.7%	-7.5%
Silver	\$17.19	-\$0.16	-0.9%	+1.2%	-10.5%	-17.8%
Platinum	\$1,258	+\$13.05	+1.0%	-3.3%	-10.8%	-15.8%



Industrial Metals

\$US/lb	7-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.04	+\$0.00	+0.1%	+1.0%	-3.8%	-6.2%
Nickel	\$7.75	+\$0.10	+1.3%	-0.1%	-13.9%	-13.3%
Zinc	\$1.13	+\$0.02	+1.6%	+1.5%	-4.2%	+0.2%
Aluminum	\$0.92	+\$0.00	0.0%	-1.1%	-8.9%	-1.1%
Uranium	\$35.75	+\$0.00	0.0%	+1.3%	+8.3%	+25.9%



Agriculture & Other

	7-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.41	+\$0.08	+2.4%	+6.2%	-2.2%
Wheat (\$US/bu)	\$5.06	+\$0.15	+3.0%	+6.0%	-5.1%
Soybeans (\$US/bu)	\$9.41	-\$0.01	-0.2%	+3.0%	-6.7%
Rough Rice (\$US/cwt)	\$12.74	+\$0.04	+0.3%	-0.0%	+2.4%
Sugar #11 (¢US/lb)	¢17.03	¢0.05	+0.3%	+3.5%	-1.0%
Lean Hogs (¢US/lb)	¢94.35	¢1.53	-1.6%	-0.2%	-1.8%
Live Cattle (¢US/lb)	¢167.85	¢1.55	+0.9%	+2.7%	+4.4%
Cotton No.2 (\$US/lb)	\$0.65	+\$0.01	+1.3%	+6.3%	+0.2%
Lumber (\$US/Mbft)	\$347.30	-\$2.90	-0.8%	+4.3%	+3.9%

Commodity ETFs

	7-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$4.04	-\$0.14	-3.3%	-5.6%	-7.6%
HBP Nat Gas U	\$11.00	+\$0.16	+1.5%	-9.0%	-0.6%
iShares Gold ETF	\$10.74	+\$0.03	+0.3%	-0.3%	-3.8%
\$USD					
US Crude Oil	\$33.44	-\$0.60	-1.8%	-2.82%	-4.2%
US Nat Gas	\$21.13	+\$0.17	+0.8%	-4.43%	+1.8%
PSDB Agriculture	\$26.41	-\$0.03	-0.1%	3.37%	-0.1%
PSDB Base Metals	\$17.07	+\$0.15	+0.9%	0.95%	-5.0%

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Interest Rates

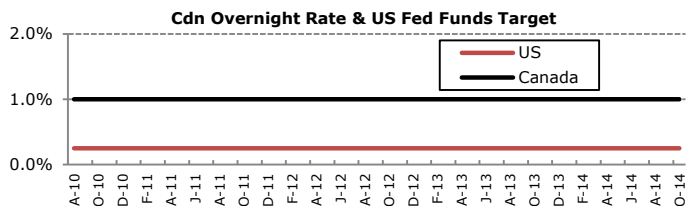
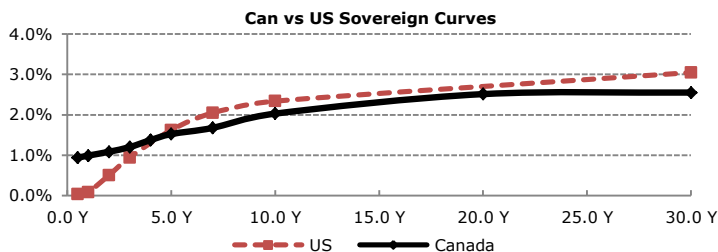
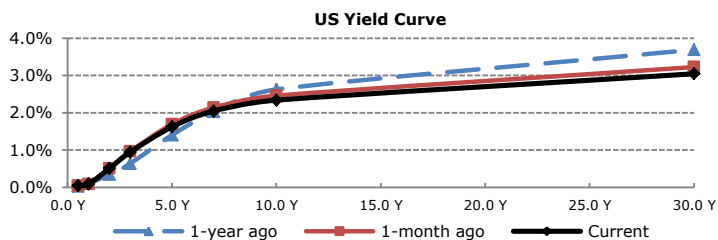
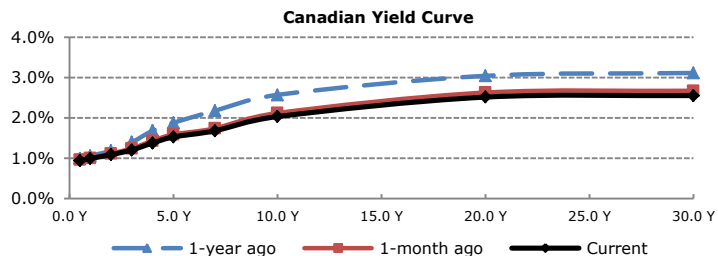
Canadian yield curve

	7-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.91%	-	0.93%	0.94%	0.97%
6-mnth	0.94%	-	0.96%	0.97%	0.99%
12-mnth	0.99%	-0.01%	1.00%	1.02%	1.06%
2-year	1.09%	-0.02%	1.12%	1.12%	1.19%
5-year	1.52%	-0.05%	1.59%	1.56%	1.88%
10-year	2.03%	-0.06%	2.12%	2.25%	2.57%
20-year	2.51%	-0.04%	2.63%	2.76%	3.04%
30-year	2.55%	-0.05%	2.67%	2.79%	3.11%

US yield curve

	7-Oct	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-	0.03%	0.02%	0.02%
6-mnth	0.04%	+0.01%	0.05%	0.05%	0.03%
12-mnth	0.09%	-	0.09%	0.09%	0.10%
2-year	0.50%	-0.03%	0.51%	0.48%	0.34%
5-year	1.62%	-0.07%	1.69%	1.67%	1.40%
10-year	2.34%	-0.08%	2.46%	2.55%	2.63%
30-year	3.05%	-0.08%	3.23%	3.37%	3.69%

	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	7-Oct	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.118		+0.004	1.097	1.068	1.031
EURUSD	\$1.267		+0.001	1.290	1.361	1.358
USDJPY	¥108.03		-0.750	106.03	101.86	96.71
GBPUSD	\$1.610		+0.001	1.610	1.713	1.610
AUDUSD	\$0.882		+0.005	0.928	0.937	0.943

	Spot	7-Oct	day Δ	<i>Historical Levels</i>		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥96.67		-1.045	96.62	95.34	93.77
CADAUD	\$1.015		-0.010	0.982	0.999	1.029
GBPUSD	£1.799		+0.008	1.767	1.830	1.660
EURJPY	¥136.86		-0.800	136.72	138.58	131.32
EURAUD	\$1.44		-0.007	1.39	1.45	1.44

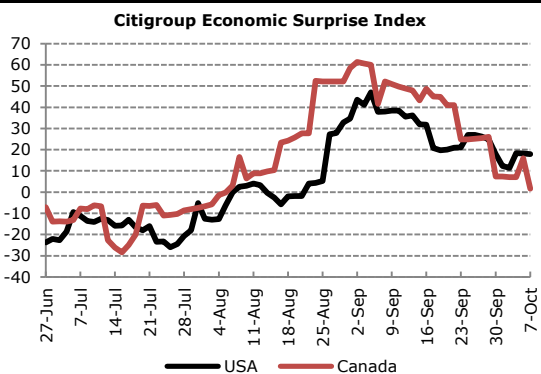
Economic Releases

United States

		Period	Survey	Actual	Prior
Thu, Oct 09	Continuing Claims	27-Sep	2410K	--	2398K
Thu, Oct 09	Initial Jobless Claims	4-Oct	295K	--	287K

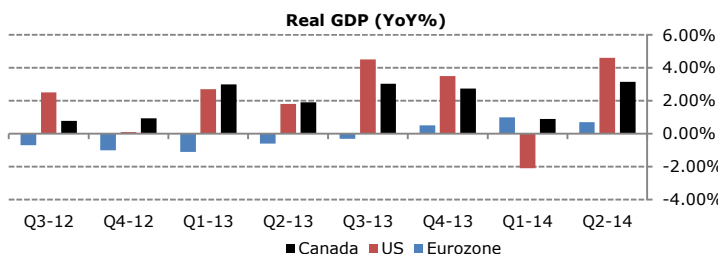
Canada

		Period	Survey	Actual	Prior
Tue, Oct 07	Building Permits (MoM)	31-Aug	-6.5%	-27.3%	11.8%
Wed, Oct 08	Housing Starts	31-Oct	198K	197.3K	196.3K
Fri, Oct 10	Net Change in Employment	30-Sep	20K	--	-11K
Fri, Oct 10	Unemployment	30-Sep	7%	--	7%



Economics

	Q3-13	Q4-13	Q1-14	Q2-14	2013E
Canada					
Real GDP	3.03%	2.75%	0.90%	3.15%	1.80%
CPI	1.17%	0.93%	1.37%	2.23%	0.90%
Unemployment	6.90%	7.20%	6.90%	7.10%	7.05%
US					
Real GDP	4.50%	3.50%	-2.10%	4.60%	1.90%
CPI	1.57%	1.23%	1.40%	2.07%	1.50%
Unemployment	7.20%	6.70%	6.70%	6.10%	7.40%
China					
Real GDP	7.80%	7.70%	7.40%	7.50%	7.70%



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