

## Today's Commentary

Most major markets around the world climbed on Friday's close heading into the weekend, as US non-farm payrolls came in at 248,000, beating estimates of 215,000. The MCI All-Country World Index increased 40bps. The S&P 500 Index added 30bps to 1,967.90 and the TSX rose 20 bps to 14,789.78. The Stoxx Europe 600 index advanced 30bps, as investors speculated on increased stimulus. The Hang Seng Index also rose 110bps, due to positive investor sentiment surrounding the upcoming discussions between the government and student protestors, as well as the decreasing amount of demonstrations in Hong Kong. This likely also contributed to the rise of the MSCI Asia Pacific Index, which advanced 70bps, after 6 days of losses.

Brent crude and WTI continued their slide, reaching their lowest levels in years. Heightened oil production south of the border, coupled with meager global economic growth have kept prices subdued. Developments last week have only served to accelerate oil's decline, with signs that OPEC (which supplies 40% of the world's oil) will not lower production while Saudi Arabia has reduced the price it offers in Asia for Arab Light. Trading data show investors are still optimistic of a bounce-back in oil prices with long positions in WTI increasing by 4.1% in the seven days ended Sept. 30. Higher prospects for global growth and an expected boost in consumption of heating fuels during the Northern Hemisphere winter months may help reverse the downward trend.

The strong US dollar could have major implications for the profits of American multinationals. The high dollar will make it more difficult for firms to compete in foreign markets, while also reducing the value of foreign sales in terms of USD profits. Investors have already started to factor in an expected reduction in reported earnings for the coming quarterly profit reports, lowering expectations of S&P 500 companies' profit-growth from 11% to 6.4%. At 57%, Tech stocks hold the highest portion of foreign sales and are expected to be hit the hardest by the appreciating USD. The biggest concern is that the elevated greenback signals weakening international demand for US dollar denominated goods and services. This suggests a reduction in profits for multinationals which derive a high portion of their sales from overseas markets. The result could likely translate into declines in equity prices for American based multinationals as the US dollar continues to gain strength.

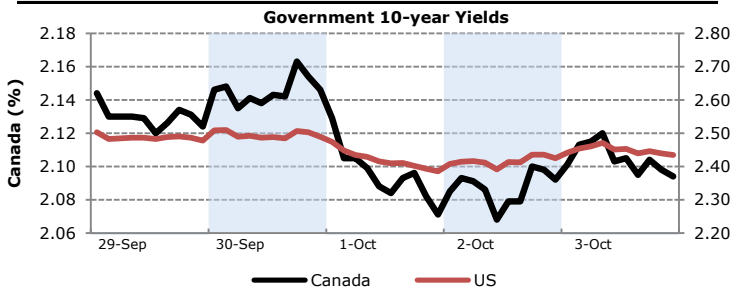
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

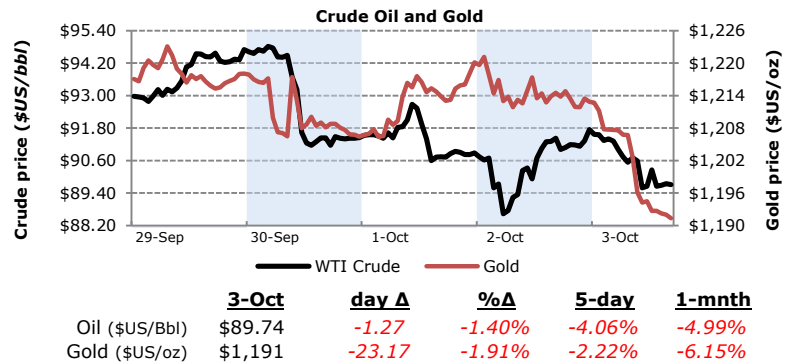
## Interest Rates



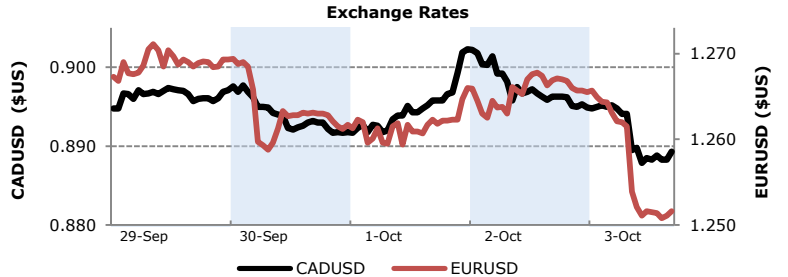
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	3-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.124	+0.009	1.115	1.088	1.033
EURUSD	\$1.252	-0.015	1.268	1.294	1.362
USDJPY	¥109.76	+1.340	109.290	105.27	97.27

	3-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Government 10-year Yields					
Canada	2.09%	0.002%	2.08%	2.33%	2.54%
United States	2.43%	0.009%	2.40%	2.64%	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



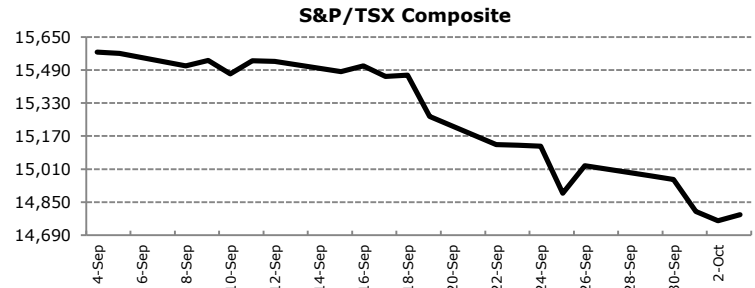
The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotman.utoronto.ca/financeassociation>

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	<b>3-Oct</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	14,789.78	29.14	+0.20%

<b>Trailing</b>	<b>S&amp;P/TSX</b>	<b>TSX 60</b>
5-day	-1.58%	-1.57%
1-month	-5.54%	-5.04%
3-months	-2.74%	-1.55%
6-months	+2.69%	+3.98%
12-months	+16.13%	+17.17%



### TSX Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+1.54%	-0.31%	-3.67%	+20.56%
C. Staples	+0.99%	+2.40%	+1.54%	+27.62%
Energy	-0.53%	-3.73%	-11.44%	+8.23%
Financials	+0.41%	-1.27%	-3.94%	+18.47%
Healthcare	+1.96%	+0.31%	-0.31%	+19.57%
Info Tech	+0.86%	-0.44%	-2.62%	+26.90%
Industrials	+1.41%	+0.92%	-0.42%	+35.99%
Materials	-2.48%	-5.16%	-12.74%	-0.98%
Metals & Mining	-1.37%	-5.80%	-13.08%	-0.24%
Telecom	+0.38%	+0.44%	-2.90%	+7.82%
Utilities	+0.29%	+1.20%	-0.98%	+8.90%

### TSX Top Performers

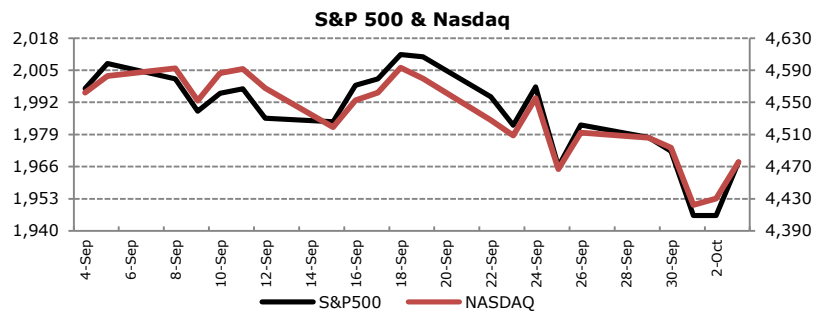
<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Autocanada Inc	+7.42%	+12.29%	-9.00%	+65.06%
Painted Pony Petroleum	+4.58%	+11.39%	-8.83%	NA
Norbord Inc	+3.45%	-1.62%	+0.65%	-15.22%
Martinrea International I	+3.39%	-4.86%	-8.81%	+24.28%
Valeant Pharmaceuticals I	+3.26%	+1.33%	+11.46%	+27.26%

### TSX Worst Performers

<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Novagold Resources Inc	-8.61%	-13.73%	-27.53%	+31.06%
Primerio Mining Corp	-8.38%	-12.06%	-29.45%	-10.18%
B2Gold Corp	-7.17%	-3.51%	-18.82%	-10.57%
Torex Gold Resources Inc	-7.14%	-5.92%	-16.37%	+13.49%
Agnico Eagle Mines Ltd	-6.63%	-5.42%	-21.69%	+20.99%

### US Indices

<b>Trailing</b>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
3-Oct	1,967.90	17,009.69	4,475.62
1-day	+1.12%	+1.24%	+1.03%
5-day	-0.75%	-0.60%	-0.81%
1-month	-1.64%	-0.40%	-2.12%
3-months	-0.88%	-0.34%	-0.23%
6-months	+4.19%	+2.64%	+5.61%
12-months	+17.23%	+13.42%	+18.58%



### S&P 500 Sector Returns

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+1.31%	-0.72%	-2.38%	+10.80%
C. Staples	+1.13%	+0.63%	+0.88%	+14.22%
Energy	+0.00%	-3.82%	-8.85%	+6.89%
Financials	+1.45%	-0.13%	-0.34%	+17.08%
Healthcare	+1.97%	-0.09%	+0.59%	+27.05%
Info Tech	+0.77%	-0.71%	-1.03%	+26.01%
Industrials	+1.36%	-1.03%	-2.05%	+14.43%
Materials	+0.31%	-3.85%	-3.74%	+15.51%
Telecom	+0.97%	+0.16%	+0.22%	+7.98%
Utilities	+0.62%	+1.79%	-0.67%	+14.74%

### DJIA Top Performers

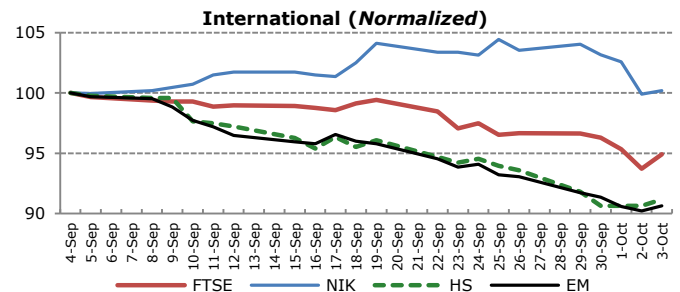
<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Goldman Sachs Group Inc	+2.84%	+1.59%	+4.62%	+21.49%
Jpmorgan Chase & Co	+2.48%	+0.24%	+1.74%	+19.21%
Walt Disney Co/The	+1.91%	-0.33%	-2.59%	+39.87%

### DJIA Worst Performers

<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Caterpillar Inc	-0.02%	-2.98%	-10.59%	+19.00%
Chevron Corp	+0.51%	-3.10%	-7.71%	+3.00%
Pfizer Inc	+0.55%	-1.68%	-0.14%	+5.04%

### International Markets

<b>Trailing</b>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	6,527.91	15,708.65	23,064.56	997.27
1-day	+1.26%	+0.30%	+0.57%	+0.48%
5-day	-1.83%	-3.21%	-3.58%	-2.60%
1-month	-5.03%	-0.13%	-8.90%	-9.42%
3-months	-4.91%	+2.35%	-1.98%	-6.11%
6-months	-1.82%	+4.22%	+2.21%	-0.29%
12-months	+1.22%	+10.96%	-0.65%	-0.79%



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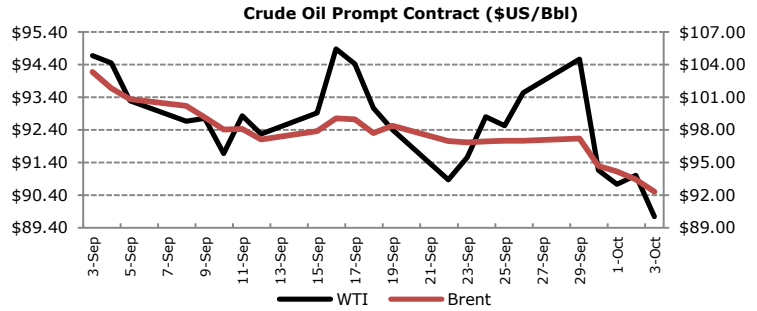
### Nymex WTI Crude Oil

(\$US/Bbl)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$89.74	-\$1.27	-1.40%	-4.06%	-4.99%
Cal 15	\$85.90	-\$1.26	-1.44%	-4.93%	-6.42%
Cal 16	\$84.31	-\$1.13	-1.32%	-4.51%	-5.57%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$98.00	\$97.00	\$98.00	\$97.00	\$95.50
Current Forward	\$87.30	\$86.04	\$85.25	\$84.99	\$84.31

### 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



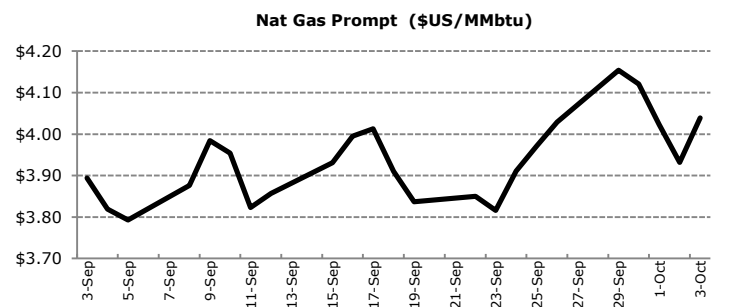
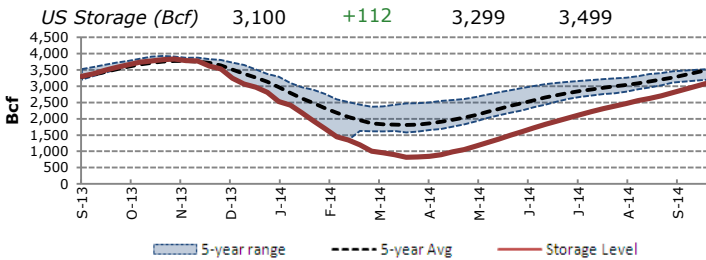
### UK Brent Crude Oil

(\$US/Bbl)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.31	-\$1.11	-1.20%	-4.84%	-9.35%

### Nymex Natural Gas

(\$US/MMbtu)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.04	+\$0.11	+2.72%	+0.25%	+5.76%
Nov14-Mar15	\$4.12	+\$0.10	+2.51%	-0.06%	+0.31%
Apr15-Oct15	\$3.83	+\$0.04	+1.17%	-1.24%	-0.99%
Nov15-Mar16	\$4.12	+\$0.03	+0.61%	-1.36%	-1.30%
Apr16-Oct16	\$3.93	+\$0.01	+0.24%	-1.21%	-1.57%

### Inventory Levels (as of Sep-26)

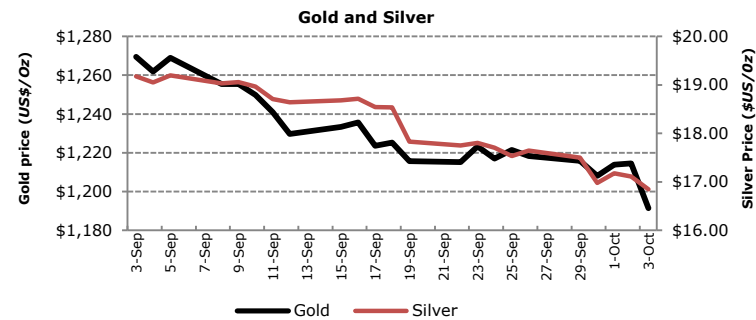


### Alberta Natural Gas

(\$CAD/GJ)	3-Oct	day Δ	%Δ
AECO Nov-14	\$4.01	+\$0.10	+2.6%

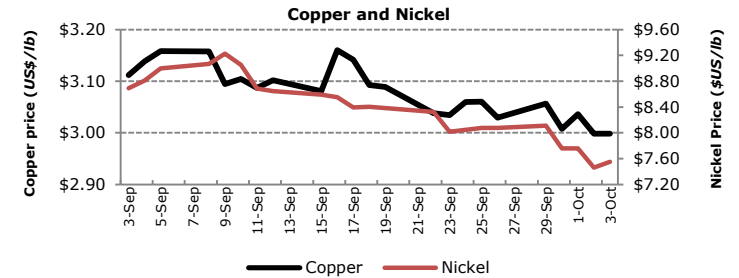
### Precious Metals

\$US/oz	3-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,191.35	-\$23.17	-1.9%	-2.2%	-6.2%	-10.8%
Silver	\$16.84	-\$0.27	-1.6%	-4.5%	-12.2%	-21.3%
Platinum	\$1,227	-\$41.57	-3.3%	-5.6%	-13.0%	-18.9%



### Industrial Metals

\$US/lb	3-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.00	+\$0.00	0.0%	-1.0%	-3.6%	-7.9%
Nickel	\$7.55	+\$0.09	+1.2%	-6.5%	-13.1%	-17.8%
Zinc	\$1.11	-\$0.00	-0.2%	-0.4%	-4.7%	-2.5%
Aluminum	\$0.91	-\$0.01	-1.1%	-3.2%	-9.9%	-2.2%
Uranium	\$35.75	+\$0.00	0.0%	+0.7%	+9.5%	+25.9%



### Agriculture & Other

	3-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.23	+\$0.00	+0.2%	+0.1%	-6.7%
Wheat (\$US/bu)	\$4.86	+\$0.03	+0.6%	+2.4%	-8.4%
Soybeans (\$US/bu)	\$9.12	-\$0.12	-1.3%	+0.2%	-9.1%
Rough Rice (\$US/cwt)	\$12.59	+\$0.03	+0.2%	-1.8%	+0.5%
Sugar #11 (¢US/lb)	¢16.44	¢0.39	+2.4%	-0.7%	-4.9%
Lean Hogs (¢US/lb)	¢93.03	¢1.90	-2.0%	-1.5%	+0.6%
Live Cattle (¢US/lb)	¢165.88	¢0.55	-0.3%	+2.3%	+4.7%
Cotton No.2 (\$US/lb)	\$0.62	+\$0.01	+1.0%	+0.9%	-4.6%
Lumber (\$US/Mbft)	\$349.20	+\$1.40	+0.4%	+6.7%	+2.7%

### Commodity ETFs

	3-Oct	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$4.11	-\$0.15	-3.5%	-8.1%	-9.2%
HBP Nat Gas U	\$11.56	+\$0.37	+3.3%	+0.1%	+6.8%
iShares Gold ETF	\$10.62	-\$0.16	-1.5%	-1.7%	-5.3%
<b>\$USD</b>					
US Crude Oil	\$33.77	-\$0.60	-1.7%	-3.95%	-5.0%
US Nat Gas	\$21.63	+\$0.35	+1.6%	0.23%	+2.9%
PSDB Agriculture	\$25.73	-\$0.09	-0.3%	1.62%	-2.6%
PSDB Base Metals	\$16.76	+\$0.08	+0.5%	-1.12%	-5.8%

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## Interest Rates

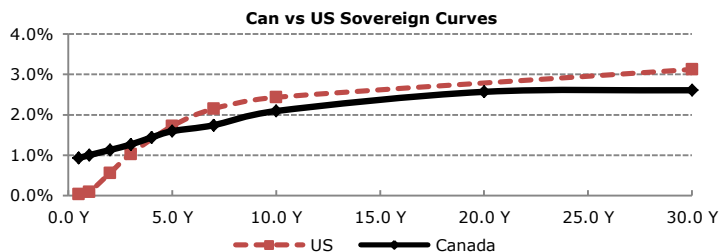
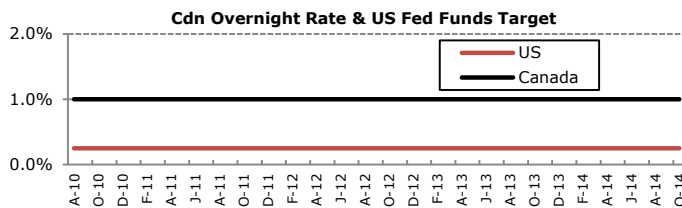
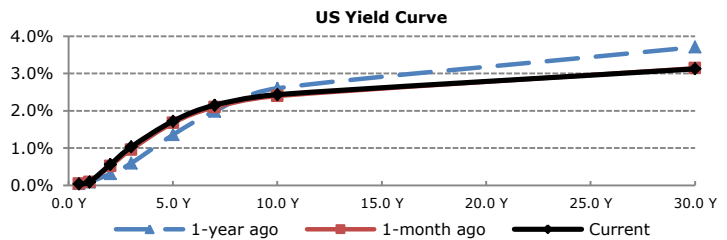
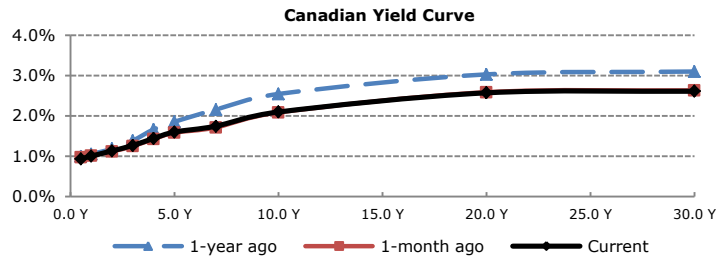
### Canadian yield curve

	<b>3-Oct</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.91%	-	0.93%	0.95%	0.97%
6-mnth	0.93%	-	0.97%	0.96%	0.99%
12-mnth	1.00%	+0.00%	1.01%	1.01%	1.05%
2-year	1.13%	+0.01%	1.12%	1.14%	1.18%
5-year	1.60%	+0.01%	1.58%	1.62%	1.85%
10-year	2.09%	+0.00%	2.08%	2.33%	2.54%
20-year	2.57%	-0.02%	2.58%	2.82%	3.03%
30-year	2.61%	-0.02%	2.63%	2.85%	3.10%

### US yield curve

	<b>3-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%	0.02%	0.01%	0.02%
6-mnth	0.04%	-	0.05%	0.05%	0.05%
12-mnth	0.09%	-	0.09%	0.10%	0.09%
2-year	0.56%	+0.03%	0.52%	0.51%	0.31%
5-year	1.72%	+0.04%	1.67%	1.74%	1.36%
10-year	2.43%	+0.01%	2.40%	2.64%	2.60%
30-year	3.12%	-0.02%	3.14%	3.47%	3.71%

	<b>Current</b>	<b>Prior</b>	<b>Next Meeting</b>	<b>Survey</b>
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)

	<b>Spot</b>	<b>3-Oct</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.124	+0.009		1.088	1.063	1.033
EURUSD	\$1.252	-0.015		1.294	1.361	1.362
USDJPY	¥109.76	+1.340		105.27	102.19	97.27
GBPUSD	\$1.597	-0.017		1.633	1.716	1.616
AUDUSD	\$0.868	-0.013		0.935	0.935	0.939

	<b>Spot</b>	<b>3-Oct</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
CADJPY	¥97.61	+0.440		96.80	96.10	94.13
CADAUD	\$1.025	+0.007		0.983	1.006	1.030
GBPCAD	£1.796	-0.005		1.776	1.824	1.670
EURJPY	¥137.36	+0.010		136.26	139.09	132.46
EURAUD	\$1.44	+0.003		1.38	1.46	1.45

## Economic Releases

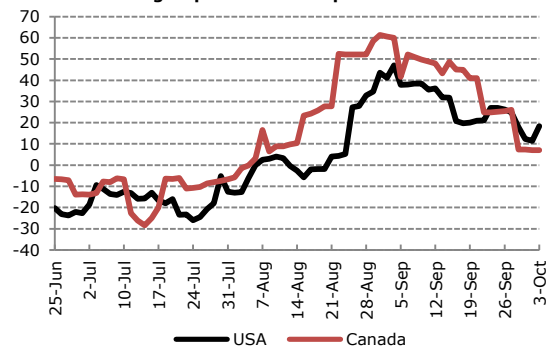
### United States

		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Thu, Oct 09	Continuing Claims	27-Sep	2410K	--	2398K
Thu, Oct 09	Initial Jobless Claims	4-Oct	294K	--	287K

### Canada

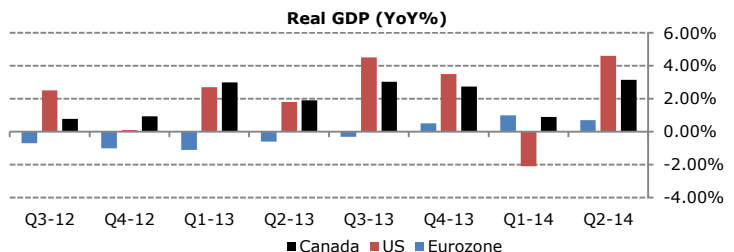
		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Tue, Oct 07	Building Permits (MoM)	31-Aug	-6.5%	--	11.8%
Wed, Oct 08	Housing Starts	30-Sep	197.75K	--	192.4K
Fri, Oct 10	Net Change in Employment	30-Sep	20K	--	-11K
Fri, Oct 10	Unemployment	30-Sep	7%	--	7%

### Citigroup Economic Surprise Index



## Economics

	<b>Q3-13</b>	<b>Q4-13</b>	<b>Q1-14</b>	<b>Q2-14</b>	<b>2013E</b>
<b>Canada</b>					
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%
<b>US</b>					
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%
<b>China</b>					
Real GDP	7.80%	7.70%	7.40%	7.50%	7.70%



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