

Today's Commentary

North American markets closed with little change yesterday, while the VIX rose 5.11% to 13.99. This is due in part to concerns over Japan's recession and the falling prices of small-cap stocks, though optimism about the maintenance of accommodative monetary policy in the face of slowing global growth has helped to counteract this negativity. The TSX gained 39.40 (0.27%) moving to 14,882.50, and the Dow was up 13.01 (0.07%) moving to 17,647.74. The S&P 500 rose 1.50 (0.07%) to 2,041.32. Oil fell yesterday to \$75.64, suggesting a larger probability of a supply cut by OPEC. The yield on US 10s rose 2 bps to 2.34%, while the yield on Canadian 10s fell 1 bps to 2.02%.

European stocks rallied yesterday on Mario Draghi's response to questions posed during his quarterly meeting with European law-makers. He cited that "other unconventional [monetary policy] measures might entail the purchase of a variety of assets, one of which is government bonds." The Stoxx 50 gained 0.81% yesterday, while periphery Eurozone debt such as Spanish and Italian bonds rose for the first time in three days, as 10 year yields fell 1 bps and 3 bps respectively, despite already hovering at record lows. It remains to be seen whether the ECB is within its mandate to implement such an intervention, given dissent from German policymakers, who argue the benefits of additional asset purchases do not merit the costs. Economists and policymakers are in agreement however, that monetary policy has shown declines in marginal benefit, when it is not coupled with necessary structural and fiscal reforms. Mislav Matejka, a JPMorgan London-based equity strategist, advises clients to be overweight in European equities given forecasts for a lengthy accommodative monetary environment.

Even as the Fed's QE3 program ended last month, pushing the Fed's balance sheet to a record \$4.49 trillion, research from the Federal Reserve Bank of San Francisco indicates the influx of currency is "far from causing excess inflation". Prices are expected to grow slowly through to the end of 2016, and will very likely remain below the 2% inflation rate target. Underinvestment and underutilization of resources, due to leftover effects from the financial crisis, are being blamed for the slow inflation growth. This gives the Fed more flexibility in terms of increases to the federal funds rate, which has been at a record low of 0-0.25% since December 2008. Minneapolis Fed President Narayana Kocherlakota does not expect inflation to rise to the 2% goal, until at least 2018. The Fed has been criticised by some for ending bond buying in October, as it has been a stabilizing force keeping inflation from falling further. Low levels of inflation may continue to defy investors expecting a bearish bond market.

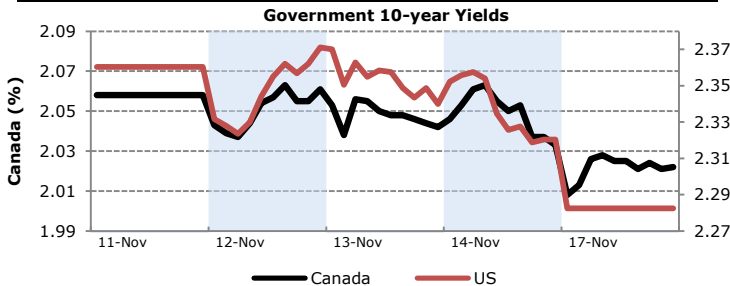
The Daily Roll is written by MFE Candidates Mark Belisle, Radu Dragomir and Kathleen Glofcheskie in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

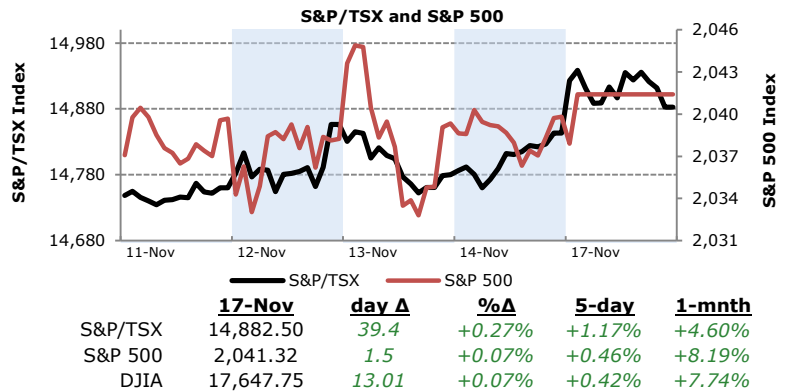
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

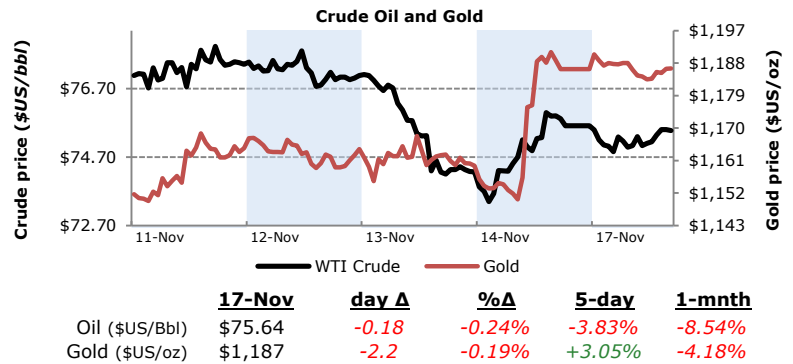
Interest Rates



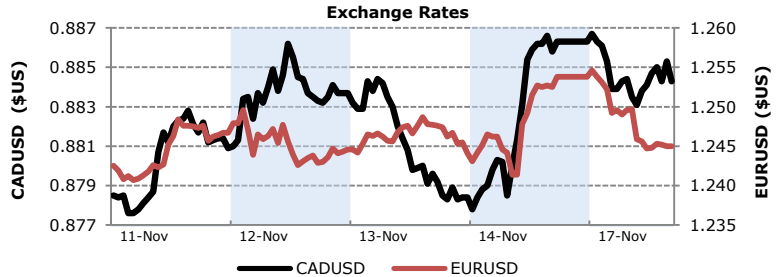
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	17-Nov	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.131	+0.002	1.138	1.128	1.044
EURUSD	\$1.245	-0.007	1.242	1.276	1.350
USDJPY	¥116.65	+0.360	114.860	106.88	100.19

	17-Nov	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Government 10-year Yields					
Canada	2.02%	-0.011%	1.95%	2.07%	2.56%
United States	2.34%	0.019%	2.19%	2.40%	2.70%

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>

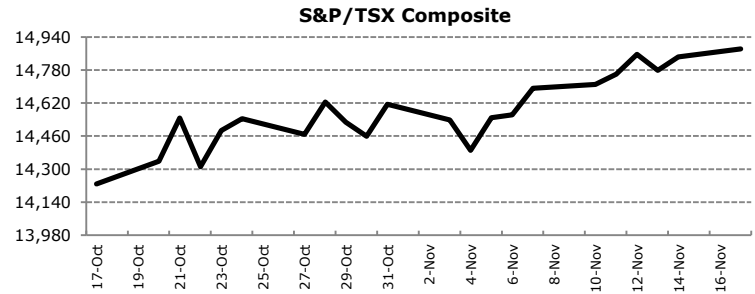
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	17-Nov	day Δ	%Δ
S&P/TSX	14,882.50	39.4	+0.27%

	Trailing S&P/TSX	TSX 60
5-day	+1.17%	+1.11%
1-month	+4.60%	+5.18%
3-months	-2.76%	-1.76%
6-months	+2.53%	+4.13%
12-months	+10.38%	+11.23%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.56%	+0.48%	+9.75%	+21.48%
C. Staples	-0.65%	+2.25%	+9.44%	+34.14%
Energy	-0.66%	-0.75%	-1.38%	-4.57%
Financials	+0.18%	+1.09%	+5.62%	+11.63%
Healthcare	+0.99%	+3.62%	+7.09%	+19.40%
Info Tech	+0.02%	+0.24%	+13.05%	+34.74%
Industrials	+0.23%	-0.37%	+5.39%	+21.56%
Materials	+1.06%	+6.03%	-0.53%	-4.83%
Metals & Mining	+0.31%	+4.20%	+3.29%	-8.36%
Telecom	+1.43%	+3.80%	+9.74%	+9.71%
Utilities	+1.19%	+2.12%	+5.51%	+9.01%

TSX Top Performers

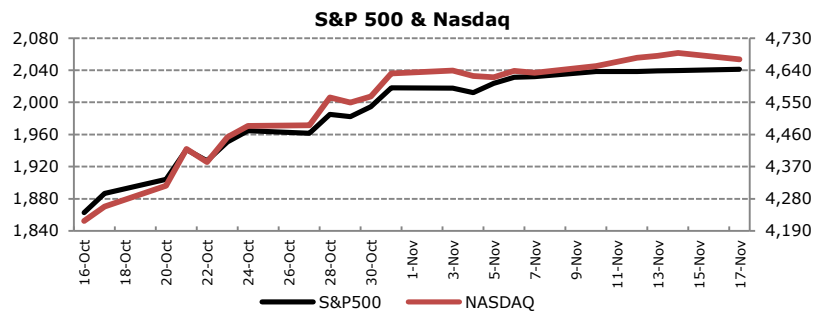
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Autocanada Inc		+8.76%	+1.93%	+9.82%	+43.66%
Iamgold Corp		+7.53%	+21.80%	-3.02%	-46.46%
Primero Mining Corp		+7.52%	+19.41%	-11.58%	-24.53%
China Gold International		+7.36%	+12.73%	-16.22%	-15.07%
Argonaut Gold Inc		+6.90%	+0.46%	-39.39%	-61.80%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Alaris Royalty Corp		-4.20%	-2.41%	+12.67%	-5.58%
Osisko Gold Royalties Lt		-3.63%	+3.05%	-1.85%	NA
Ithaca Energy Inc		-3.50%	+0.00%	-2.13%	-43.90%
First Majestic Silver Cor		-2.69%	+3.21%	-28.47%	-47.74%
Transglobe Energy Corp		-2.69%	-5.45%	-20.95%	-51.58%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing 17-Nov	2,041.32	17,647.75	4,671.00
1-day	+0.07%	+0.07%	-0.37%
5-day	+0.46%	+0.42%	+0.83%
1-month	+8.19%	+7.74%	+9.69%
3-months	+4.41%	+5.91%	+4.62%
6-months	+8.70%	+7.01%	+14.19%
12-months	+13.52%	+10.56%	+17.19%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.11%	+1.72%	+8.16%	+6.63%
C. Staples	+0.62%	+0.73%	+7.52%	+10.90%
Energy	-0.43%	-2.43%	+3.34%	-2.25%
Financials	+0.02%	-0.36%	+7.70%	+13.90%
Healthcare	+0.49%	+0.75%	+10.34%	+24.35%
Info Tech	-0.17%	+1.64%	+10.59%	+23.49%
Industrials	-0.10%	+0.15%	+8.92%	+11.61%
Materials	-0.02%	+1.18%	+5.35%	+9.40%
Telecom	-0.16%	+2.09%	+6.03%	+4.04%
Utilities	+1.35%	-1.74%	+5.45%	+15.81%

DJIA Top Performers

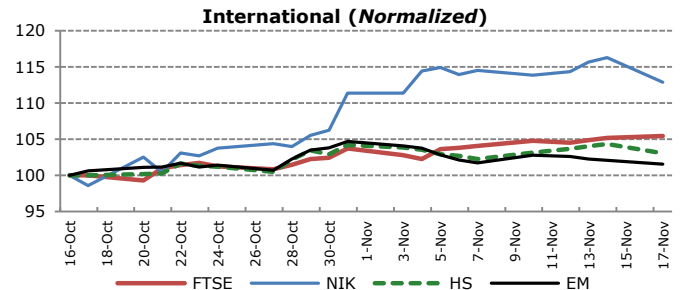
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Unitedhealth Group Inc		+1.43%	+3.06%	+9.40%	+36.44%
Intel Corp		+0.85%	+1.97%	+9.83%	+44.07%
Wal-Mart Stores Inc		+0.74%	+6.09%	+12.78%	+8.16%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
American Express Co		-0.60%	-2.31%	+9.14%	+10.04%
Chevron Corp		-0.49%	-1.66%	+4.49%	-0.15%
Du Pont (E.I.) De Nemours		-0.47%	+0.75%	+5.91%	+16.62%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing Last Close	6,671.97	16,973.80	23,797.08	985.88
1-day	+0.26%	-2.96%	-1.21%	-0.50%
5-day	+0.92%	+1.15%	+0.22%	-0.18%
1-month	+5.73%	+16.80%	+3.36%	+0.93%
3-months	-0.26%	+10.81%	-4.64%	-8.25%
6-months	-2.68%	+20.41%	+4.77%	-4.46%
12-months	-0.32%	+11.92%	+3.32%	-1.92%



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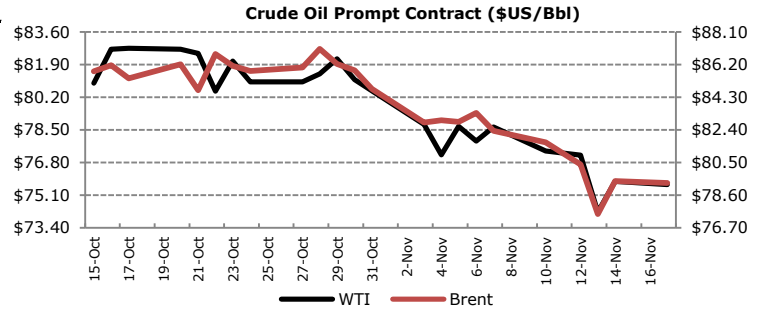
Nymex WTI Crude Oil

(\$US/Bbl)	17-Nov	day Δ	%Δ	5-day	1-mnth
Prompt	\$75.64	-\$0.18	-0.24%	-3.83%	-8.54%
Cal 15	\$76.01	+\$0.03	+0.04%	-3.58%	-12.78%
Cal 16	\$76.87	+\$0.01	+0.02%	-3.30%	-10.03%

(\$US/bbl)	Q1-15	Q2-15	Q3-15	Q4-15	2016
Consensus Forecast	\$86.50	\$88.00	\$90.90	\$92.50	\$91.85
Current Forward	\$75.72	\$75.99	\$76.10	\$76.23	\$76.87

Inventory Levels (as of Nov-07)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	378,470	-1,735	337,426	319,411
Motor Gas	203,565	+1,805	214,389	200,481
Distillates	116,850	-2,803	171,756	140,851



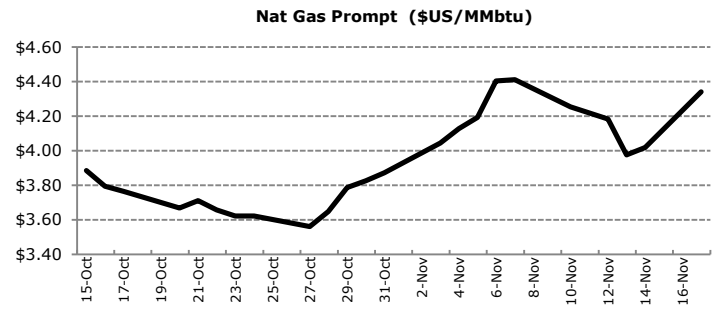
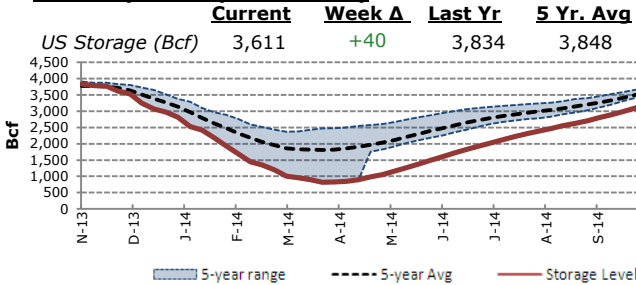
UK Brent Crude Oil

(\$US/Bbl)	17-Nov	day Δ	%Δ	5-day	1-mnth
Prompt	\$79.31	-\$0.10	-0.13%	-3.68%	-7.95%

Nymex Natural Gas

(\$US/MMbtu)	17-Nov	day Δ	%Δ	5-day	1-mnth
Prompt	\$4.34	+\$0.32	+7.99%	-1.61%	+14.36%
Dec14-Mar15	\$4.26	+\$0.27	+6.65%	-1.33%	+6.84%
Apr15-Oct15	\$3.80	+\$0.10	+2.76%	-0.62%	+0.34%
Nov15-Mar16	\$4.07	+\$0.08	+1.88%	-0.46%	-0.56%
Apr16-Oct16	\$3.84	+\$0.04	+0.95%	+0.02%	-2.05%

Inventory Levels (as of Nov-07)

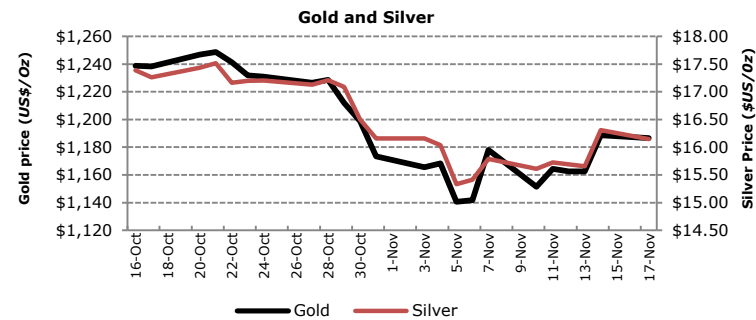


Alberta Natural Gas

(\$CAD/GJ)	17-Nov	day Δ	%Δ
AECO Dec-14	\$4.13	+\$0.30	+7.7%

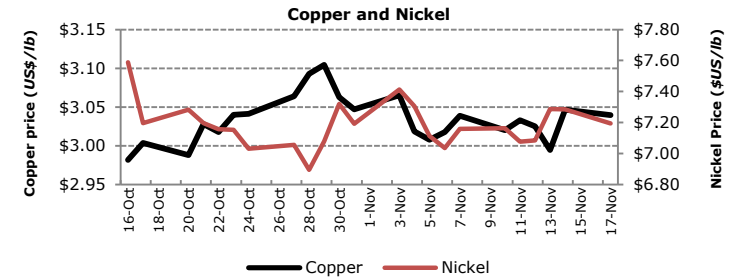
Precious Metals

\$US/oz	17-Nov	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,186.55	-\$2.20	-0.2%	+3.0%	-4.2%	-7.3%
Silver	\$16.14	-\$0.16	-1.0%	+3.4%	-6.5%	-16.9%
Platinum	\$1,201	-\$12.75	-1.1%	+0.3%	-4.8%	-15.5%



Industrial Metals

\$US/lb	17-Nov	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.04	-\$0.01	-0.2%	+0.6%	+1.2%	-5.1%
Nickel	\$7.19	-\$0.09	-1.2%	+0.4%	-0.0%	-18.0%
Zinc	\$1.11	-\$0.02	-1.6%	+0.4%	+1.2%	-4.5%
Aluminum	\$0.98	-\$0.02	-2.0%	-2.0%	+7.7%	-2.0%
Uranium	\$44.00	+\$0.50	+1.1%	+5.4%	+23.1%	+39.0%



Agriculture & Other

	17-Nov	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.91	-\$0.04	-1.0%	+2.2%	+8.1%
Wheat (\$US/bu)	\$5.54	-\$0.09	-1.6%	+5.0%	+4.9%
Soybeans (\$US/bu)	\$10.36	+\$0.14	+1.3%	+1.0%	+8.0%
Rough Rice (\$US/cwt)	\$11.91	-\$0.06	-0.5%	-0.5%	-6.3%
Sugar #11 (¢US/lb)	¢15.77	¢0.13	+0.8%	+0.7%	-5.1%
Lean Hogs (¢US/lb)	¢92.63	¢0.13	+0.1%	+4.0%	+5.8%
Live Cattle (¢US/lb)	¢172.10	¢0.82	+0.5%	+2.1%	+4.9%
Cotton No.2 (\$US/lb)	\$0.59	-\$0.01	-0.9%	-3.6%	-4.3%
Lumber (\$US/Mbft)	\$315.90	-\$4.00	-1.3%	-2.3%	-6.2%

Commodity ETFs

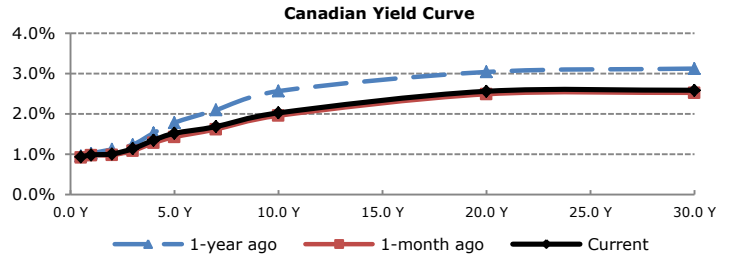
	17-Nov	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$2.92	-\$0.03	-1.0%	-4.9%	-16.8%
HBP Nat Gas U	\$12.30	+\$1.17	+10.5%	-0.7%	+21.8%
iShares Gold ETF	\$10.54	-\$0.03	-0.3%	+3.5%	-4.4%
\$USD					
US Crude Oil	\$28.68	-\$0.15	-0.5%	-3.63%	-7.8%
US Nat Gas	\$22.45	+\$1.15	+5.4%	-1.97%	+10.0%
PSDB Agriculture	\$25.78	-\$0.09	-0.3%	1.54%	-2.3%
PSDB Base Metals	\$17.00	-\$0.02	-0.1%	-0.42%	+2.1%

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Interest Rates

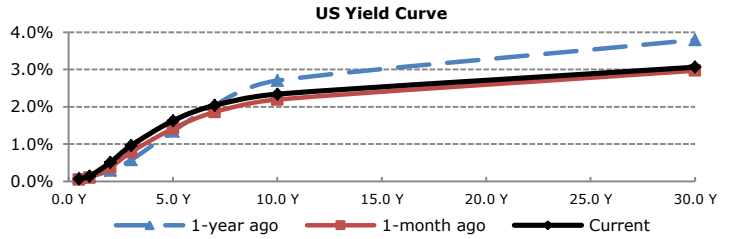
Canadian yield curve

	17-Nov	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.90%	-	0.88%	0.95%	0.94%
6-mnth	0.93%	-	0.91%	0.97%	0.95%
12-mnth	0.98%	+0.00%	0.97%	1.01%	1.02%
2-year	1.01%	-0.00%	0.98%	1.07%	1.12%
5-year	1.52%	-0.00%	1.42%	1.53%	1.78%
10-year	2.02%	-0.01%	1.95%	2.07%	2.56%
20-year	2.56%	-0.01%	2.49%	2.59%	3.04%
30-year	2.58%	-0.01%	2.52%	2.63%	3.12%

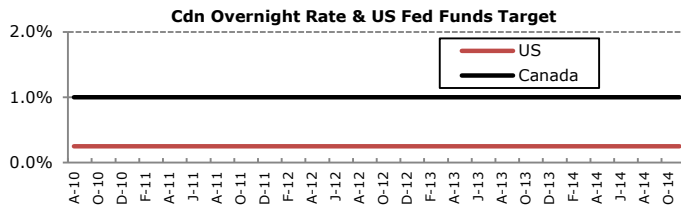


US yield curve

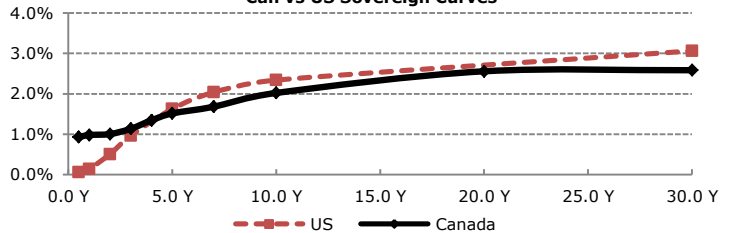
	17-Nov	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.01%	-	0.02%	0.03%	0.07%
6-mnth	0.06%	-	0.04%	0.05%	0.09%
12-mnth	0.14%	-0.01%	0.10%	0.08%	0.12%
2-year	0.51%	-0.00%	0.37%	0.43%	0.29%
5-year	1.63%	+0.02%	1.42%	1.58%	1.34%
10-year	2.34%	+0.02%	2.19%	2.40%	2.70%
30-year	3.06%	+0.01%	2.97%	3.21%	3.79%



	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	17-Nov	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.131	+0.002	1.128	1.090	1.044
EURUSD	\$1.245	-0.007	1.276	1.340	1.350
USDJPY	¥116.65	+0.360	106.88	102.36	100.19
GBPUSD	\$1.564	-0.003	1.609	1.669	1.612
AUDUSD	\$0.871	-0.004	0.874	0.932	0.937

Spot	17-Nov	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥103.15	+0.096	94.78	93.93	95.96
CADAUD	\$1.015	+0.003	1.014	0.984	1.022
GBP CAD	£1.769	+0.000	1.815	1.819	1.683
EURJPY	¥145.22	-0.450	136.38	137.16	135.21
EURAUD	\$1.43	-0.002	1.46	1.44	1.44

Economic Releases

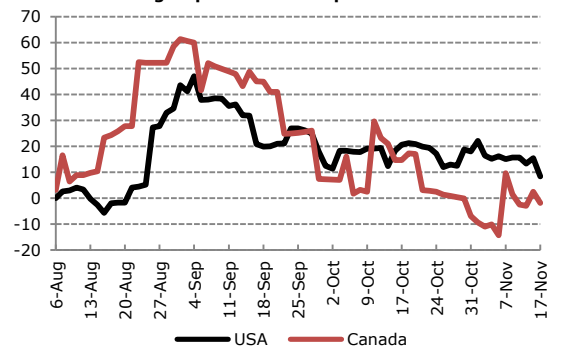
United States

		Period	Survey	Actual	Prior
Mon, Nov 17	Industrial Production	31-Oct	0.2K	-0.1K	1K
Wed, Nov 19	Housing Starts	31-Oct	1025K	--	1017K
Thu, Nov 20	Leading Indicators	31-Oct	0.6%	--	0.8%
Thu, Nov 20	Existing Home Sales	31-Oct	5.15M	--	5.17M
Thu, Nov 20	Continuing Claims	8-Nov	2370K	--	2392K
Thu, Nov 20	Intial Jobless Claims	15-Nov	283K	--	278K
Thu, Nov 20	Consumer Price Index (MoM)	31-Oct	-0.1%	--	0.1%

Canada

		Period	Survey	Actual	Prior
Fri, Nov 21	BOC CPI Core (YoY)	31-Oct	2.1%	--	2.1%
Fri, Nov 21	Consumer Price Index	31-Oct	2%	--	2%

Citigroup Economic Surprise Index

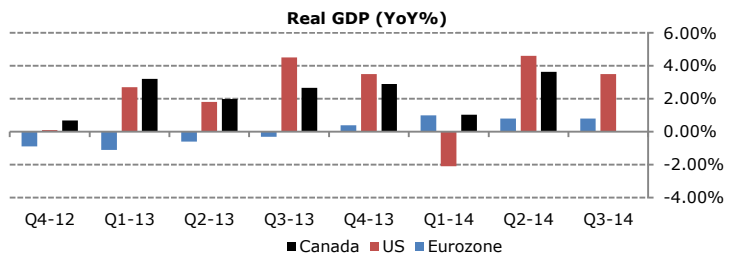


Economics

Canada	Q4-13	Q1-14	Q2-14	Q3-14	2013E
Real GDP	2.90%	1.04%	3.64%	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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