

Commentary

Email dailyroll@economics.utoronto.ca to subscribe

North American equity markets continued to rally yesterday with the S&P 500 climbing 0.65% and the Dow Jones Industrial Average moving up 0.54%, closing at 2,177.18 and 18,392.46, respectively. The S&P/TSX Composite also moved up 0.59% to close at 14,797.17. That being said, Asian markets continued to decline into the early hours of the morning (ET), with Nikkei and TOPIX moving down 0.32% and 0.23% to close at 16,754.02 and 1,346.56, respectively. The Shanghai Composite also decreased by 0.28% to close at 3,033.90. Bond yields continued to decline with the yield on 10-year US government notes moving down 3.3 bps to 1.618% and Canadian 10-year yields declining 4.5 bps to 1.101%. Oil prices continued their recent increases, moving up 2.16% to \$46.32.

Three months have already passed since the UK voted to leave the EU. Several experts believe that Brexit will place the UK at risk of losing over 100,000 jobs in the financial sector alone. France and Germany appear poised to take over clearing functions for the EU derivatives market, with transactions that add up to about \$570 billion USD each day. Job losses seem likely to happen in risk management, compliance, and middle and back office support functions in London and across the UK. In other Brexit related news, Boris Johnson, British Foreign Secretary, claimed on Thursday that the UK plans to trigger Article 50 as early as 2017 and that the entire exit process will take less than 2 years. Following this news, the Pound fell 0.5% to \$1.30, from its high of \$1.31 yesterday when markets opened this morning in the UK.

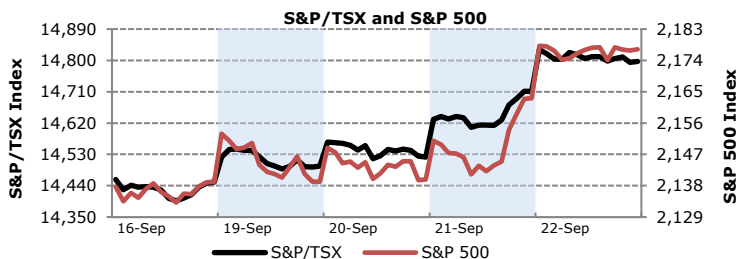
WTI for November delivery climbed \$1.00 to \$46.41 this morning after Reuters reported that Saudi Arabia would be willing to reduce its output if Iran agreed to freeze its production at its current level of 3.6 million barrels per day. More than 800k barrels per day of additional crude has been pouring into the global market in September, compared with August production levels, as Russia's output reaches record levels, and Libya and Nigeria restore disrupted supplies. The global oversupply of oil is expected to persist into 2017 as members of OPEC, such as Saudi Arabia, pump at record levels, and Iran and Iraq bolster their capacity to increase production. However, the former Algerian Energy Minister, Chakib Khelil, said he is confident that OPEC will reach an agreement at the meeting next week in Algiers.

Major Economic Releases

United States	Period	Survey	Actual	Prior	Canada	Period	Survey	Actual	Prior
None Scheduled					Retail Sales MoM	Jul	0.10%	-0.10%	-0.10%
					CPI YoY	Aug	1.40%	1.10%	1.30%

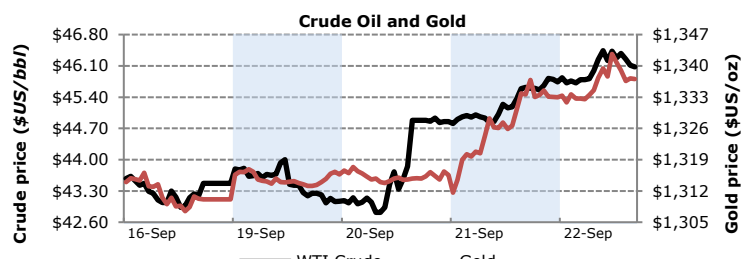
Market Movements

Equities



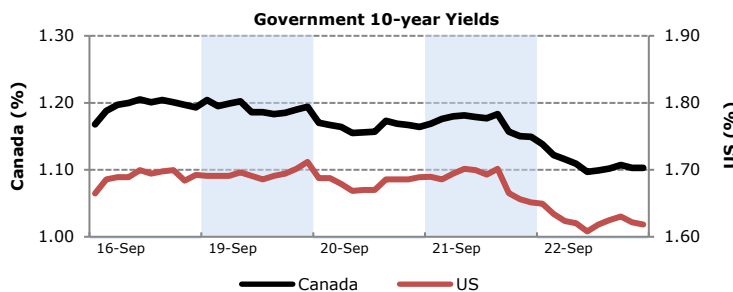
	22-Sep	day Δ	%Δ	5-day	1-mnth
S&P/TSX	14,797.18	86.36	+0.59%	+2.02%	+0.33%
S&P 500	2,177.18	14.06	+0.65%	+1.39%	-0.25%
DJIA	18,392.46	98.76	+0.54%	+0.99%	-0.74%

Commodities



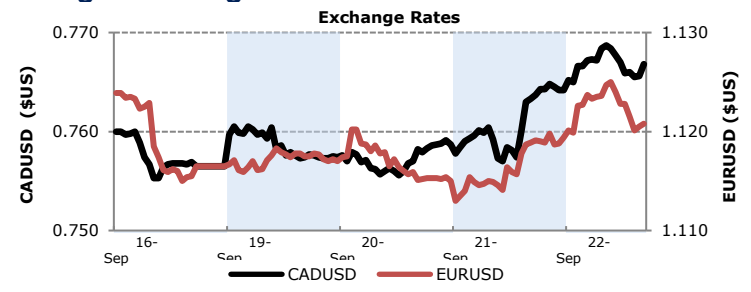
	22-Sep	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$46.32	0.98	+2.16%	+5.49%	-0.96%
Gold (\$US/oz)	\$1,337	3.44	+0.26%	+1.70%	-0.04%

Interest Rates



	Government 10-year Yields		Historical levels		
	22-Sep	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.10%	-0.046%	1.02%	1.16%	1.49%
United States	1.62%	-0.033%	1.55%	1.56%	2.15%

Foreign Exchange



	USD/CAD implies \$1-USD to CAD		Historical levels			
	Spot	22-Sep	day Δ	-5 days	-1 mnth	-1 year
USDCAD	\$1.304	\$1.304	-0.006	1.316	1.293	1.331
EURUSD	\$1.121	\$1.121	+0.002	1.124	1.126	1.118

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>

Sponsored By:

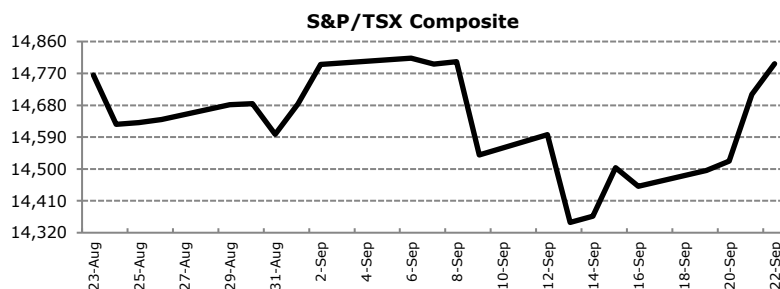


The information contained in this report is intended for educational and informative purposes only, and has been obtained from publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of author(s), and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

The Equities Roll

Canadian Indices

TSX	22-Sep	day Δ	%Δ
	14,797.18	86.36	+0.59%
Trailing	S&P/TSX	TSX 60	
5-day	+2.02%	+1.84%	
1-month	+0.33%	+0.31%	
3-months	+5.67%	+5.55%	
6-months	+9.66%	+8.85%	
12-months	+9.68%	+8.65%	



Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+1.02%	+2.48%	+1.05%	+1.70%
C. Staples	+0.78%	+1.40%	-1.77%	+10.89%
Energy	+0.93%	+1.71%	-1.12%	+13.46%
Financials	+0.71%	+1.66%	+2.73%	+10.91%
Healthcare	-0.21%	-1.30%	-9.58%	-83.49%
Info Tech	+0.71%	+2.98%	+3.34%	+13.08%
Industrials	+0.44%	+1.20%	+0.09%	+12.29%
Materials	-0.41%	+4.12%	-2.19%	+55.70%
Telecom	+0.66%	+1.01%	-1.77%	+11.89%
Utilities	+0.74%	+2.67%	-1.15%	+14.73%

TSX Top Performers

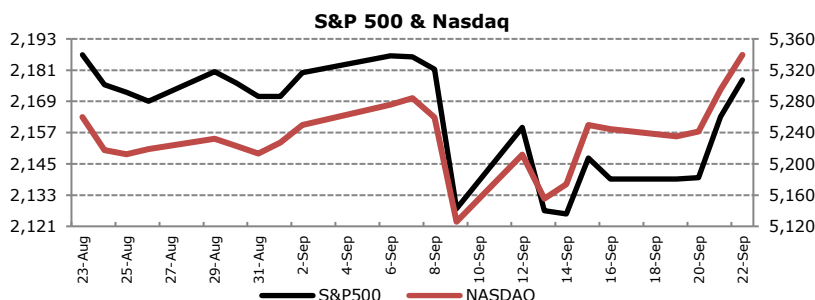
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Concordia International C	+8.03%	-26.17%	-44.97%	-92.96%
Canadian Energy Services	+5.65%	+4.99%	+7.91%	-28.67%
Secure Energy Services In	+5.47%	+6.33%	-0.87%	-9.93%
Lundin Mining Corp	+5.21%	+10.10%	-0.55%	+41.19%
First Quantum Minerals Lt	+4.95%	+6.06%	-7.62%	+98.74%

TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Teck Resources Ltd-Cls B	-7.94%	-7.13%	+7.33%	+223.69%
First Majestic Silver Cor	-5.90%	+2.02%	-17.52%	+295.70%
Iamgold Corp	-4.24%	+2.92%	-5.05%	+168.57%
Torex Gold Resources Inc	-3.19%	+3.34%	-6.19%	+153.90%
Yamana Gold Inc	-3.01%	+3.03%	-8.93%	+184.65%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
22-Sep	2,177.18	18,392.46	5,339.52
1-day	+0.65%	+0.54%	+0.84%
5-day	+1.39%	+0.99%	+1.71%
1-month	-0.25%	-0.74%	+1.81%
3-months	+4.40%	+3.44%	+10.47%
6-months	+6.21%	+4.61%	+10.74%
12-months	+12.07%	+12.63%	+12.25%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.77%	+1.51%	-1.74%	+6.41%
C. Staples	+0.89%	+1.25%	-2.05%	+14.00%
Energy	+0.22%	+0.51%	-1.94%	+9.48%
Financials	+0.28%	+0.61%	+0.29%	+6.27%
Healthcare	+0.76%	+1.85%	-1.22%	+5.58%
Info Tech	+0.55%	+1.06%	+2.58%	+20.27%
Industrials	+0.72%	+1.71%	-1.36%	+15.45%
Materials	+0.30%	+1.28%	-2.51%	+15.22%
Telecom	+1.13%	+1.11%	-0.21%	+21.35%
Utilities	+0.57%	+4.45%	+1.66%	+21.79%

DJIA Top Performers

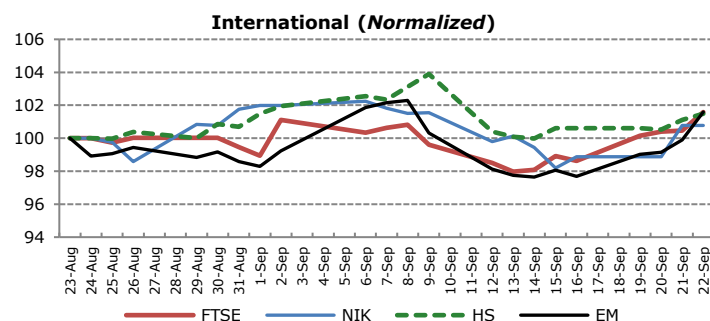
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Procter & Gamble Co/The	+1.36%	+1.06%	+2.46%	+26.66%
Walt Disney Co/The	+1.10%	+0.98%	-2.57%	-8.03%
United Technologies Corp	+1.02%	+0.28%	-5.07%	+18.45%

DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Pfizer Inc	-0.38%	+0.03%	-1.98%	+4.69%
Du Pont (E.I.) De Nemours	-0.22%	-1.05%	-4.43%	+39.53%
Caterpillar Inc	+0.04%	+1.79%	-0.11%	+18.95%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,911.40	16,807.62	23,759.80	920.92
1-day	+1.12%	+1.91%	+0.38%	+1.69%
5-day	+2.69%	+1.16%	+1.82%	+3.59%
1-month	+1.21%	+1.27%	+3.31%	+1.85%
3-months	+10.38%	+4.62%	+14.26%	+11.04%
6-months	+11.60%	-1.41%	+14.97%	+10.89%
12-months	+16.44%	-6.99%	+9.01%	+13.94%



This market summary has been created by candidates in the University of Toronto's Master of Financial Economics Program (the "MFE Program"). The information contained herein is intended for educational and informative purposes only, and has been obtained from publicly-available sources, without independent verification of the accuracy thereof. The author, the MFE Program, and the Rotman Finance Association, jointly and severally expressly disclaim any responsibility for the completeness and/or accuracy of the information contained herein. The opinions expressed herein are based upon the analyses and interpretations of the Author, and are not necessarily reflective of the views or opinions of the MFE Program, Rotman Finance Association, or the University of Toronto. Nothing in this report should be construed as a solicitation, recommendation, or offer to buy or sell the securities mentioned herein. **Unauthorized use or reproduction is strictly prohibited.**

The Commodities Roll

Oil & Gas

Nymex WTI Crude Oil

(\$US/Bbl)	22-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$46.32	+\$0.98	+2.16%	+5.49%	-0.96%
Cal 17	\$49.63	+\$0.94	+1.92%	+2.56%	+6.23%
Cal 18	\$52.08	+\$0.94	+1.85%	+1.78%	+5.42%

(\$US/bbl)	Q1-17	Q2-17	Q3-17	Q4-17	2018
Consensus Forecast	\$51.00	\$53.00	\$56.00	\$58.50	\$60.50
Current Forward	\$48.04	\$49.37	\$50.21	\$50.88	\$52.08

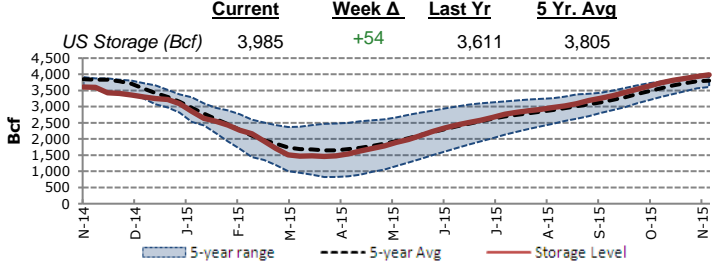
Inventory Levels (as of Sep-16)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	504,598	-6,200	337,426	319,411
Motor Gas	225,156	-2,637	214,389	200,481
Distillates	164,992	+6,857	171,756	140,851

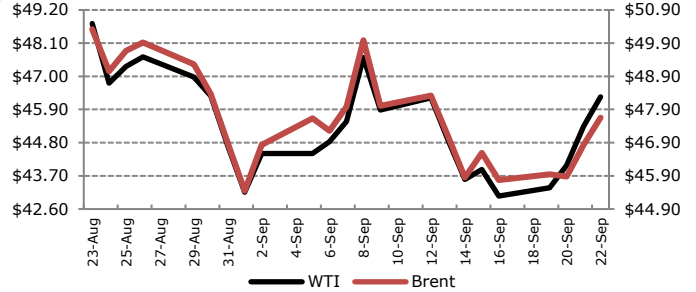
Nymex Natural Gas

(\$US/MMbtu)	22-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.99	-\$0.07	-2.19%	+2.15%	+8.29%
Nov16-Mar17	\$3.29	-\$0.05	-1.58%	+2.36%	+6.94%
Apr17-Oct17	\$3.09	-\$0.03	-1.04%	+0.89%	+3.98%
Nov17-Mar18	\$3.28	-\$0.03	-0.80%	+0.81%	+2.48%
Apr18-Oct18	\$2.84	-\$0.02	-0.68%	+0.42%	+0.72%

Inventory Levels (as of Nov-06)



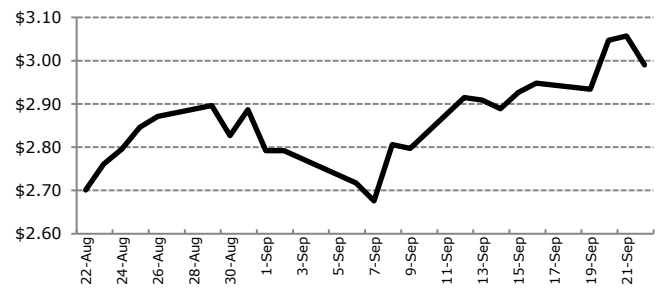
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	22-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$47.65	+\$0.82	+1.72%	+2.28%	-2.85%

Nat Gas Prompt (\$US/MMbtu)



Alberta Natural Gas

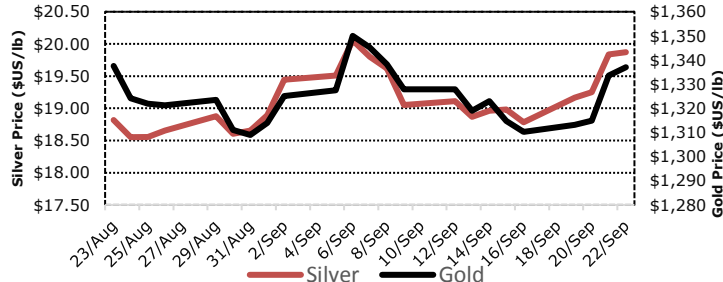
(\$CAD/GJ)	22-Sep	day Δ	%Δ
AECO Oct-16	\$2.47	-\$0.05	-2.0%

Other Commodities

Precious Metals

\$US/oz	22-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,337.07	+\$3.44	+0.3%	+1.7%	-0.0%	+1.4%
Silver	\$19.87	+\$0.03	+0.2%	+4.7%	+5.6%	+8.6%
Platinum	\$1,055	+\$3.37	+0.3%	+2.2%	-4.5%	+4.6%

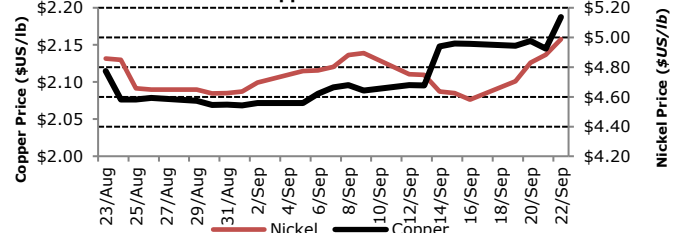
Gold and Silver



Industrial Metals

\$US/lb	22-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.19	+\$0.04	+2.0%	+1.6%	+3.4%	+0.2%
Nickel	\$4.99	+\$0.10	+2.1%	+7.9%	+2.7%	+13.4%
Aluminum	\$0.79	+\$0.00	0.0%	0.0%	0.0%	0.0%
Uranium	\$24.40	-\$0.35	-1.4%	-3.4%	-5.8%	-7.8%

Copper and Nickel



Commodity ETFs

	22-Sep	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.37	-\$0.03	-1.0%	+2.0%	+0.1%
Wheat (\$US/bu)	\$4.06	-\$0.02	-0.6%	+1.5%	-4.9%
Soybeans (\$US/bu)	\$9.77	+\$0.01	+0.1%	+2.7%	-2.9%
Rough Rice (\$US/cwt)	\$9.66	-\$0.02	-0.2%	-1.3%	-4.2%
Sugar #11 (#US/lb)	¢22.67	¢0.09	+0.4%	+7.1%	+9.4%
Lean Hogs (#US/lb)	¢48.60	¢0.35	+0.7%	-1.7%	-13.3%
Live Cattle (#US/lb)	¢106.95	¢1.40	+1.3%	-0.0%	-2.9%
Cotton No.2 (\$US/lb)	\$0.72	+\$0.00	+0.1%	+5.9%	+5.8%
Lumber (\$US/Mbft)	\$325.40	+\$10.00	+3.2%	+8.1%	-3.2%

\$CAD	22-Sep	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$7.51	+\$0.15	+2.0%	+7.0%	-11.8%
HBP Nat Gas U	\$12.21	-\$0.67	-5.2%	+3.7%	+10.7%
iShares Gold ETF	\$11.77	+\$0.09	+0.8%	+1.8%	-0.2%

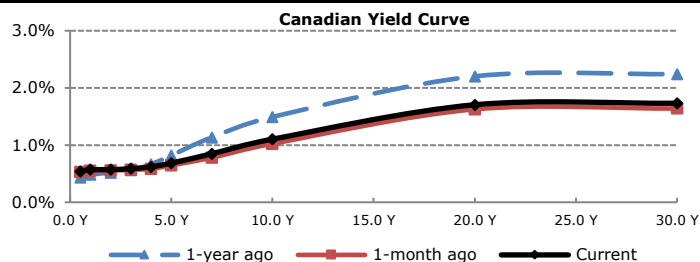
\$USD	22-Sep	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$10.53	+\$0.13	+1.3%	3.85%	-4.0%
US Nat Gas	\$8.75	-\$0.24	-2.7%	2.10%	+10.3%
PSDB Agriculture	\$20.56	-\$0.08	-0.4%	2.19%	-2.0%
PSDB Base Metals	\$13.66	+\$0.16	+1.2%	2.40%	-0.5%

The Rates, FX, & Economics Roll

Interest Rates

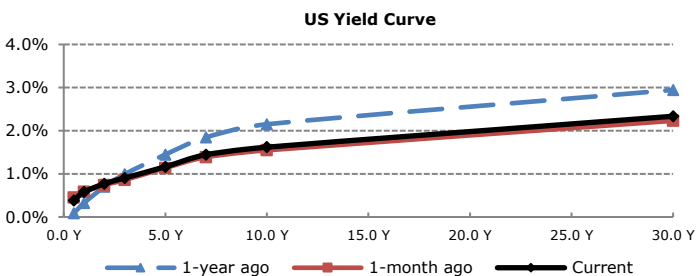
Canadian yield curve

	22-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.54%	+0.01%	0.51%	0.48%	0.42%
6-mnth	0.54%	-0.01%	0.53%	0.50%	0.43%
12-mnth	0.57%	-0.01%	0.55%	0.52%	0.49%
2-year	0.57%	-0.01%	0.56%	0.54%	0.52%
5-year	0.69%	-0.03%	0.65%	0.64%	0.82%
10-year	1.10%	-0.05%	1.02%	1.16%	1.49%
20-year	1.71%	-0.05%	1.63%	1.79%	2.20%
30-year	1.73%	-0.04%	1.64%	1.80%	2.24%

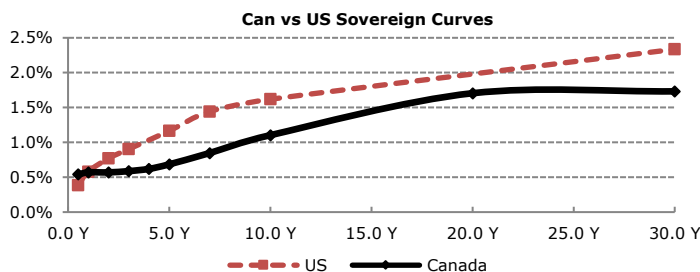
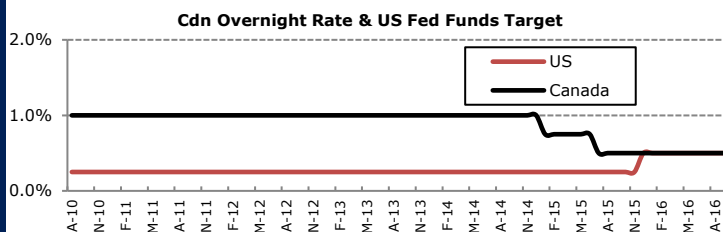


US yield curve

	22-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.17%	-0.04%	0.30%	0.25%	0.01%
6-mnth	0.39%	-0.03%	0.45%	0.37%	0.09%
12-mnth	0.58%	-0.02%	0.58%	0.47%	0.33%
2-year	0.77%	-0.00%	0.74%	0.63%	0.70%
5-year	1.16%	-0.02%	1.13%	1.07%	1.45%
10-year	1.62%	-0.03%	1.55%	1.56%	2.15%
30-year	2.34%	-0.04%	2.23%	2.41%	2.95%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.50%	0.50%	19-Oct-16	0.50%
US Fed Funds	0.50%	0.50%	14-Dec-16	0.50%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

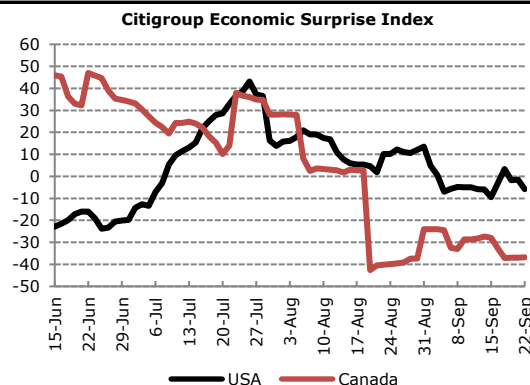
	Spot	22-Sep	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.304		-0.006	1.293	1.300	1.331
EURUSD	\$1.121		+0.002	1.126	1.112	1.118
USDJPY	¥100.76		+0.440	100.45	102.22	119.88
GBPUSD	\$1.308		+0.005	1.323	1.368	1.513
AUDUSD	\$0.764		+0.002	0.761	0.747	0.702

	Spot	22-Sep	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥77.26		+0.692	77.71	78.60	90.05
CADAUD	\$1.003		+0.002	1.016	1.030	1.070
GBPCAD	£1.706		-0.002	1.711	1.779	2.014
EURJPY	¥112.93		+0.660	113.15	113.65	133.99
EURAUD	\$1.47		-0.001	1.48	1.49	1.59

Economic Releases

United States		Period	Survey	Actual	Prior
Tue, Sep 20	Housing Starts	Aug	1190K	1142K	1211K
Thu, Sep 22	Leading Indicators	30-Sep	--	-0.2%	0.4%
Thu, Sep 22	Existing Home Sales	30-Sep	5.45M	5.33M	5.39M
Thu, Sep 22	Continuing Claims	17-Sep	2140K	2113K	2143K
Thu, Sep 22	Initial Jobless Claims	24-Sep	261K	252K	260K

Canada		Period	Survey	Actual	Prior
Fri, Sep 23	BOC CPI Core (YoY)	30-Sep	2%	2.1%	2.1%
Fri, Sep 23	Retail Sales (MoM)	31-Aug	0.1%	-0.1%	0.2%
Fri, Sep 23	Consumer Price Index	30-Sep	1.4%	1.3%	1.5%



Economics

	Q1-13	Q2-13	Q3-13	Q4-13
Canada				
Real GDP	2.19%	0.50%	2.50%	NA
CPI	1.20%	1.33%	1.57%	NA
Unemployment	7.10%	7.10%	7.10%	NA
US				
Real GDP	2.00%	0.90%	0.80%	NA
CPI	0.13%	0.47%	1.10%	
Unemployment	5.10%	5.00%	5.00%	

China
Real GDP

