

## Commentary

Email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe

US equity markets moved down yesterday, with the S&P 500 Index falling 0.33% to close at 2,161.20 and the Dow Jones Industrial Average falling 0.30% to close at 18,253.85. In Canada, the S&P/TSX Composite Index also fell by 0.25% to close out Monday at 14,689.04. In Europe the STOXX 600 gained 0.09% to end at 343.23, while Germany's exchange was closed for a holiday. WTI saw gains of 1.18% yesterday, bringing it to close at \$48.81. Gold lost 0.33% yesterday to close at \$1,309.00. 10 year Canadian government bond yields increased 1.7 bps to 1.01%, and US 10 year government note yields gained 2.7 bps to close at 1.62%.

On Tuesday, the Reserve Bank of India (RBI) cut its benchmark rate from 6.50% to 6.25%, the lowest it has been in more than 5 years. This was the first interest rate review by the new six-member panel under RBI Governor Urjit Patel, who took over last month. Including Tuesday's cut, the RBI has lowered its benchmark rate by 175 bps since January 2015, on the back of India's rapidly slowing inflation. India's benchmark CPI rate reached a six-month low of 5.05% in August, almost hitting the RBI's 5.00% target inflation rate for March, 2017. The benchmark S&P BSE Sensex was up by 0.20% after the announcement of interest rate cuts as of 2:45pm in Mumbai. India's 10 year note yields fell 3 bps to 6.75% before the announcement.

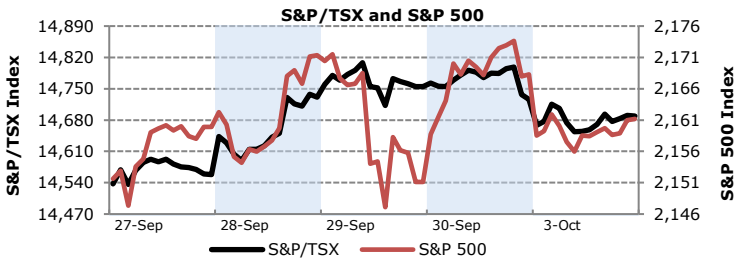
The pound continued to fall this morning, reaching 1.27 USD/GBP at 8:10am ET, the lowest it has traded at since 1985. This change comes amidst concerns of a "hard Brexit" after Prime Minister Theresa May's comments at the Conservative Party's Conference earlier this week. May has claimed that financial services industries will receive no preferential treatment during the Brexit process, which is expected to start in March of 2017. Meanwhile, the FTSE 100 Index broke 7,000 or the first time in 16 months this morning, reaching 7,108.36 at 8:10am ET. Equities in the UK, more than half of which are owned by foreign investors, have been pushed upward by low exchange rates. Despite the FTSE 100 growing 14% this year in terms of the GBP, the index has actually declined 1.4% in terms of the USD. Removing currency effects, the FTSE 100 is still below its pre-Brexit level.

## Major Economic Releases

United States	Period	Survey	Actual	Prior	Canada	Period	Survey	Actual	Prior
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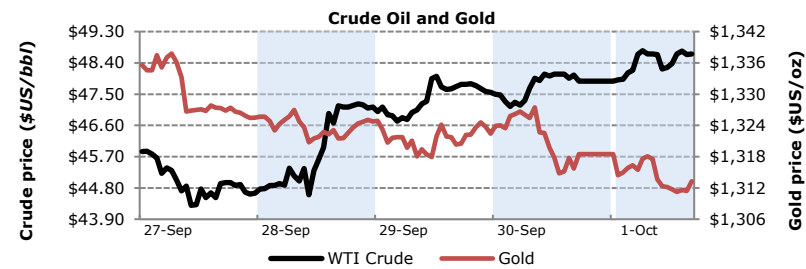
## Market Movements

### Equities



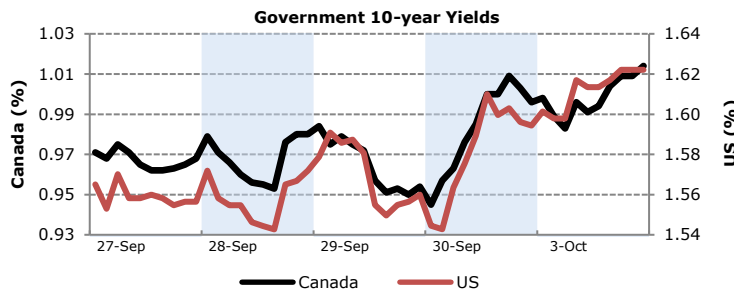
	3-Oct	day Δ	%Δ	5-day	1-mnth
S&P/TSX	14,689.04	-36.82	-0.25%	+0.48%	-0.72%
S&P 500	2,161.20	-7.07	-0.33%	+0.70%	-0.86%
DJIA	18,253.85	-54.3	-0.30%	+0.88%	-1.29%

### Commodities



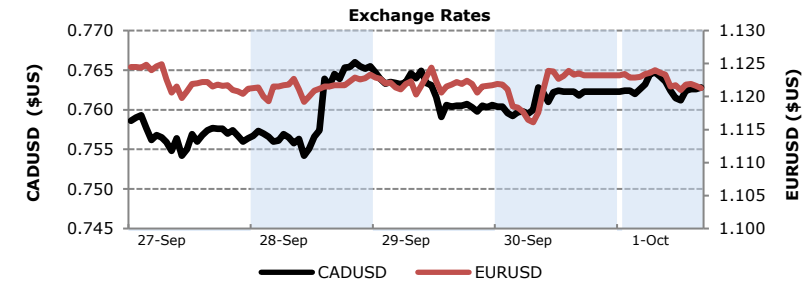
	3-Oct	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$48.81	0.57	+1.18%	+6.27%	+9.83%
Gold (\$US/oz)	\$1,313	-2.94	-0.22%	-1.88%	-0.93%

### Interest Rates



	Government 10-year Yields					Historical levels				
	3-Oct	day Δ	-1 mnth	-3 mnths	-1 year	3-Oct	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.01%	0.018%	1.06%	1.00%	1.40%					
United States	1.62%	0.028%	1.60%	1.38%	1.99%					

### Foreign Exchange



	(USDCAD implies \$1-USD to CAD)					Historical levels				
	Spot	3-Oct	day Δ	-5 days	-1 mnth	-1 year	3-Oct	day Δ	-5 days	-1 mnth
USDCAD	\$1.312	-0.001	1.323	1.299	1.295					
EURUSD	\$1.121	-0.002	1.125	1.116	1.136					

## 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

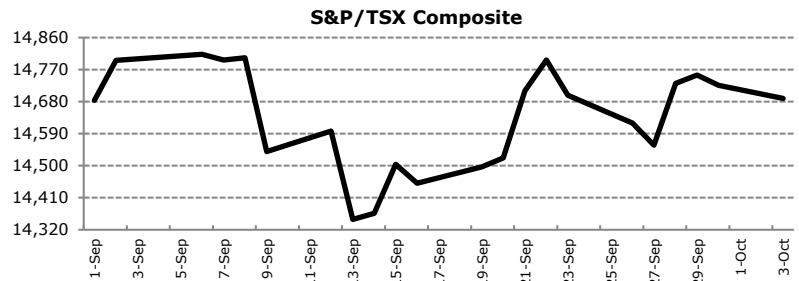


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

## Canadian Indices

TSX	3-Oct	day Δ	%Δ
	14,689.04	-36.82	-0.25%
Trailing			
	S&P/TSX	TSX 60	
5-day	+0.48%	+0.57%	
1-month	-0.72%	-0.61%	
3-months	+4.44%	+4.73%	
6-months	+9.29%	+8.74%	
12-months	+10.11%	+9.16%	



## Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.07%	+0.71%	-0.18%	+0.80%
C. Staples	+0.06%	-0.76%	-4.97%	+8.92%
Energy	+0.34%	+4.04%	+2.31%	+18.80%
Financials	-0.18%	+0.25%	-0.22%	+9.71%
Healthcare	-0.53%	-3.91%	-9.67%	-81.35%
Info Tech	+0.05%	-0.19%	-0.02%	+14.48%
Industrials	+0.38%	+1.77%	-0.84%	+12.46%
Materials	-1.80%	-3.39%	-3.97%	+47.19%
Telecom	-0.08%	-0.02%	-2.10%	+9.96%
Utilities	-0.65%	-1.50%	-1.48%	+11.63%

## TSX Top Performers

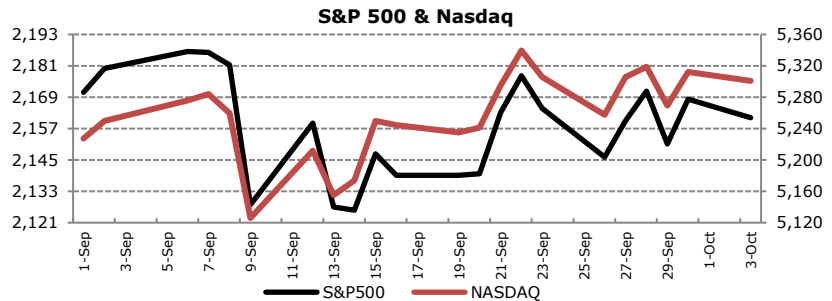
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Concordia International C	+15.50%	+2.73%	-35.98%	-88.29%
Air Canada	+6.42%	+20.64%	+23.82%	+4.54%
Enerplus Corp	+4.28%	+12.28%	-4.57%	+33.23%
Canadian Energy Services	+3.85%	+15.67%	+16.92%	-13.76%
Tmx Group Ltd	+3.75%	+3.70%	+8.77%	+34.87%

## TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Osisko Gold Royalties Ltd	-4.53%	-7.80%	-14.42%	-4.19%
Goldcorp Inc	-4.48%	-4.88%	-0.72%	+20.86%
Eldorado Gold Corp	-3.88%	-6.94%	+12.47%	+11.71%
Sierra Wireless Inc	-3.44%	-0.38%	-2.04%	-36.25%
Detour Gold Corp	-3.43%	-3.47%	-12.09%	+87.36%

## US Indices

Trailing	S&P 500	DJIA	Nasdaq
3-Oct	2,161.20	18,253.85	5,300.87
1-day	-0.33%	-0.30%	-0.21%
5-day	+0.70%	+0.88%	+0.83%
1-month	-0.86%	-1.29%	+0.97%
3-months	+2.77%	+1.70%	+9.01%
6-months	+4.27%	+2.59%	+7.86%
12-months	+10.75%	+10.81%	+12.60%



## S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.05%	+1.54%	-0.79%	+5.57%
C. Staples	-0.60%	+0.08%	-3.03%	+10.61%
Energy	-0.16%	+4.96%	+2.20%	+10.61%
Financials	-0.43%	+0.81%	-3.36%	+4.54%
Healthcare	-0.15%	-0.37%	-0.65%	+5.52%
Info Tech	-0.38%	+1.07%	+1.28%	+18.61%
Industrials	+0.04%	+1.55%	-0.70%	+15.83%
Materials	+0.04%	+1.44%	-2.56%	+15.53%
Telecom	+0.10%	-0.76%	-1.41%	+21.71%
Utilities	-1.35%	-4.95%	-2.03%	+11.53%

## DJIA Top Performers

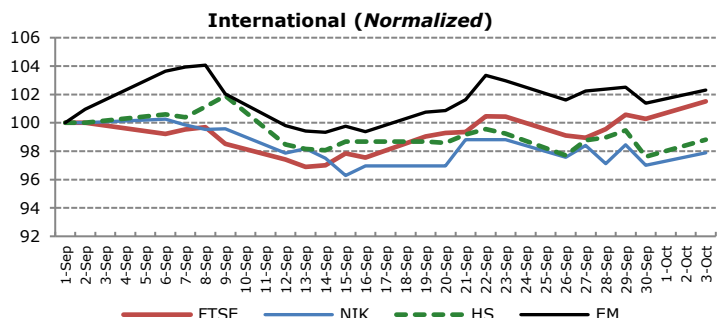
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Du Pont (E.I.) De Nemours	+1.30%	+1.98%	-3.21%	+37.72%
United Technologies Corp	+0.82%	+0.20%	-4.21%	+14.10%
Johnson & Johnson	+0.58%	+0.87%	-0.43%	+26.49%

## DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Travelers Cos Inc/The	-1.35%	-0.82%	-4.91%	+12.97%
Procter & Gamble Co/The	-1.21%	+0.92%	+0.52%	+22.42%
Unitedhealth Group Inc	-1.08%	-0.88%	+1.38%	+16.54%

## International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,983.52	16,598.67	23,584.43	911.61
1-day	+1.22%	+0.90%	+1.23%	+0.90%
5-day	+2.43%	+0.33%	+1.14%	+0.68%
1-month	+1.29%	-1.93%	+1.37%	+1.33%
3-months	+6.17%	+5.84%	+6.42%	+8.62%
6-months	+13.63%	+2.69%	+15.05%	+10.34%
12-months	+13.92%	-6.36%	+9.66%	+13.37%



## Oil & Gas

Nymex WTI Crude Oil

(\$US/Bbl)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$48.81	+\$0.57	+1.18%	+6.27%	+9.83%
Cal 17	\$51.94	+\$0.64	+1.25%	+5.36%	-1.01%
Cal 18	\$53.94	+\$0.53	+0.99%	+4.18%	-0.88%

(\$US/bbl)	Q1-17	Q2-17	Q3-17	Q4-17	2018
Consensus Forecast	\$51.00	\$52.75	\$56.00	\$58.50	\$60.00
Current Forward	\$50.55	\$51.78	\$52.46	\$52.99	\$53.94

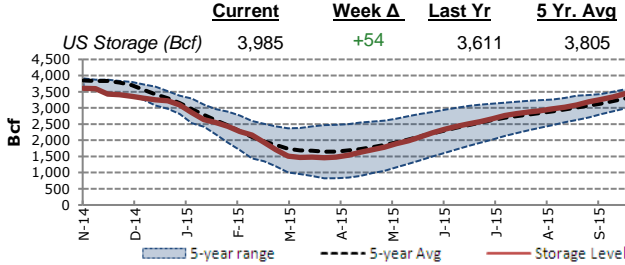
Inventory Levels (as of Sep-23)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	502,716	-1,882	337,426	319,411
Motor Gas	227,183	+2,027	214,389	200,481
Distillates	163,077	-1,915	171,756	140,851

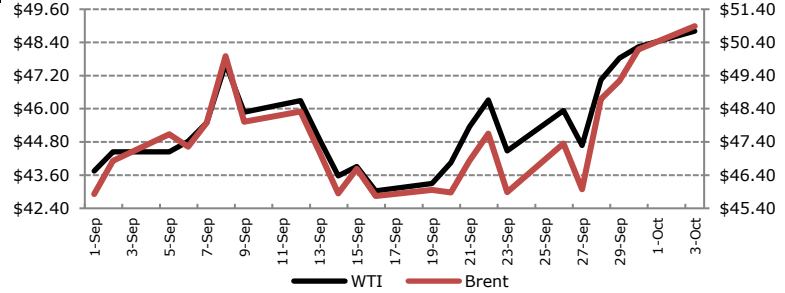
Nymex Natural Gas

(\$US/MMbtu)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.92	+\$0.02	+0.58%	-2.47%	+4.69%
Nov16-Mar17	\$3.20	+\$0.03	+1.08%	-2.40%	+4.88%
Apr17-Oct17	\$3.04	+\$0.03	+1.11%	-0.53%	+3.70%
Nov17-Mar18	\$3.25	+\$0.04	+1.22%	-0.37%	+2.45%
Apr18-Oct18	\$2.79	+\$0.02	+0.80%	-1.26%	-0.95%

Inventory Levels (as of Nov-06)



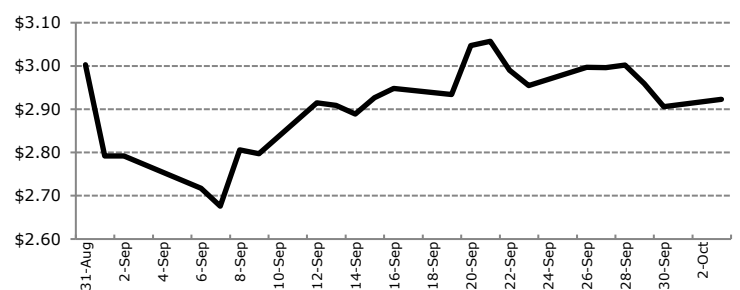
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$50.89	+\$0.70	+1.38%	+7.48%	+8.67%

Nat Gas Prompt (\$US/MMbtu)



Alberta Natural Gas

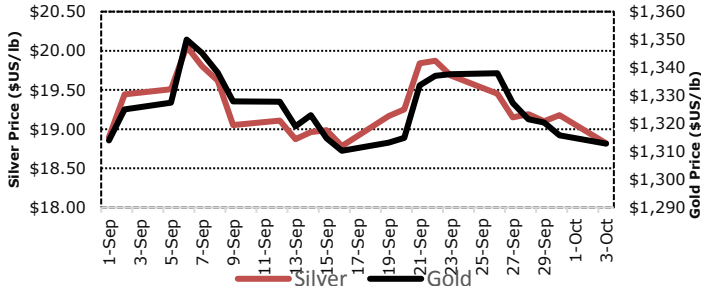
(\$CAD/GJ)	3-Oct	day Δ	%Δ
AECO Nov-16	\$2.60	-\$0.27	-9.4%

## Other Commodities

### Precious Metals

\$US/oz	3-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,312.81	-\$2.94	-0.2%	-1.9%	-0.9%	-3.9%
Silver	\$18.82	-\$0.36	-1.9%	-3.3%	-3.2%	-7.2%
Platinum	\$1,007	-\$19.03	-1.9%	-3.2%	-5.4%	-8.2%

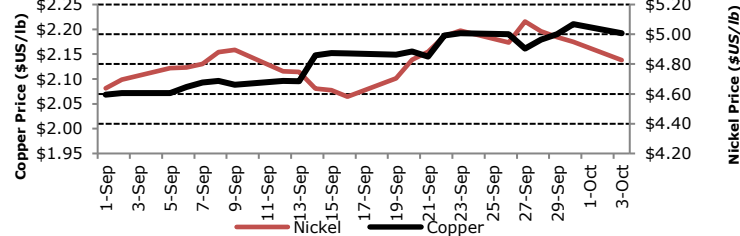
Gold and Silver



### Industrial Metals

\$US/lb	3-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.19	-\$0.02	-0.8%	+0.1%	+5.8%	+3.5%
Nickel	\$4.83	-\$0.12	-2.5%	-2.4%	+2.8%	+4.8%
Uranium	\$22.40	+\$0.00	0.0%	-3.7%	-12.7%	-15.5%

Copper and Nickel



### Agriculture & Other

	3-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.46	+\$0.09	+2.7%	+5.2%	+5.3%
Wheat (\$US/bu)	\$3.96	-\$0.06	-1.6%	-0.1%	-0.9%
Soybeans (\$US/bu)	\$9.73	+\$0.19	+2.0%	+2.9%	+2.2%
Rough Rice (\$US/cwt)	\$10.07	+\$0.18	+1.8%	+4.0%	+3.9%
Sugar #11 (#US/lb)	¢22.67	-¢0.33	-1.4%	-1.9%	+9.1%
Lean Hogs (#US/lb)	¢44.18	+¢0.20	+0.5%	-9.1%	-20.2%
Live Cattle (#US/lb)	¢99.98	-¢0.15	-0.1%	-5.8%	-3.4%
Cotton No.2 (\$US/lb)	\$0.69	+\$0.00	+0.6%	-2.2%	+1.1%
Lumber (\$US/Mbft)	\$334.90	-\$1.50	-0.4%	+2.4%	+9.5%

### Commodity ETFs

\$CAD	3-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$8.30	+\$0.24	+2.9%	+12.8%	+19.3%
HBP Nat Gas U	\$11.05	-\$0.05	-0.5%	-10.1%	-0.8%
iShares Gold ETF	\$11.55	-\$0.06	-0.5%	-2.0%	+0.3%

\$USD	3-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$11.10	+\$0.17	+1.6%	6.42%	+10.3%
US Nat Gas	\$8.34	-\$0.02	-0.2%	-5.01%	+1.2%
PSDB Agriculture	\$20.00	+\$0.02	+0.1%	-2.01%	-1.1%
PSDB Base Metals	\$14.13	+\$0.08	+0.6%	2.84%	+3.7%

## Interest Rates

### Canadian yield curve

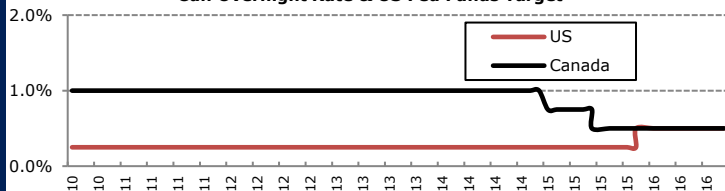
	3-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.53%	-	0.51%	0.48%	0.44%
6-mnth	0.52%	-	0.52%	0.50%	0.44%
12-mnth	0.54%	+0.02%	0.56%	0.51%	0.49%
2-year	0.54%	+0.02%	0.59%	0.49%	0.50%
5-year	0.63%	+0.01%	0.69%	0.55%	0.78%
10-year	1.01%	+0.02%	1.06%	1.00%	1.40%
20-year	1.64%	+0.01%	1.64%	1.60%	2.15%
30-year	1.67%	+0.01%	1.66%	1.60%	2.19%

### US yield curve

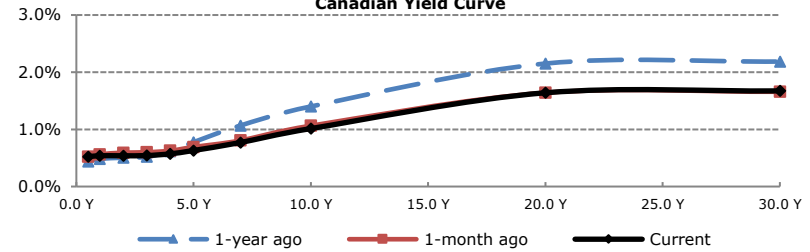
	3-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.30%	+0.03%	0.32%	0.24%	-0.01%
6-mnth	0.44%	+0.01%	0.45%	0.34%	0.05%
12-mnth	0.61%	+0.02%	0.58%	0.43%	0.23%
2-year	0.79%	+0.03%	0.79%	0.55%	0.58%
5-year	1.18%	+0.03%	1.19%	0.94%	1.30%
10-year	1.62%	+0.03%	1.60%	1.38%	1.99%
30-year	2.34%	+0.02%	2.28%	2.15%	2.83%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.50%	0.50%	19-Oct-16	0.50%
US Fed Funds	0.50%	0.50%	2-Nov-16	0.50%

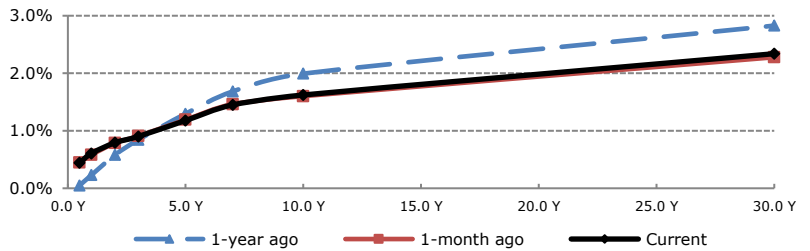
Cdn Overnight Rate & US Fed Funds Target



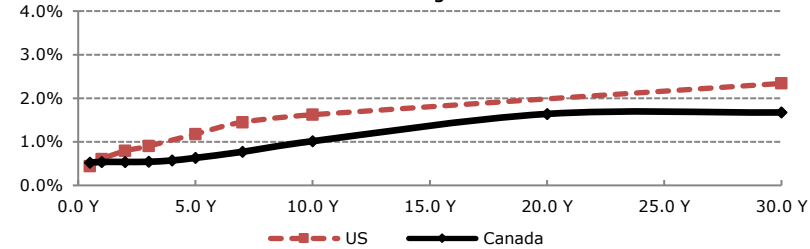
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

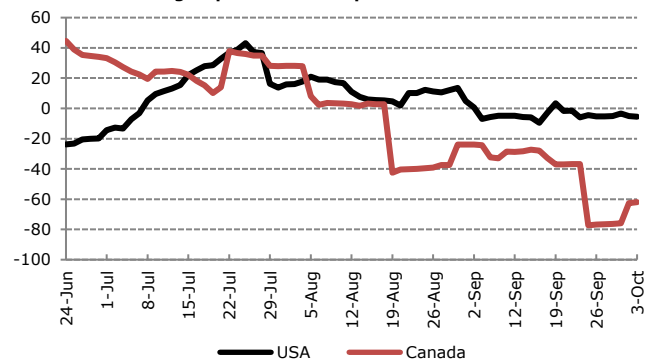
	Spot	3-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.312	-0.001		1.299	1.298	1.295
EURUSD	\$1.121	-0.002		1.116	1.108	1.136
USDJPY	¥101.65	+0.300		103.92	101.74	120.27
GBPUSD	\$1.284	-0.013		1.329	1.302	1.532
AUDUSD	\$0.768	+0.001		0.757	0.746	0.734

	Spot	3-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥77.48	+0.253		79.97	78.38	92.91
CADAUD	\$0.993	-0.001		1.017	1.032	1.053
GBPCAD	£1.685	-0.018		1.727	1.690	1.984
EURJPY	¥113.96	+0.040		115.96	112.68	136.61
EURAUD	\$1.46	-0.005		1.47	1.48	1.55

## Economic Releases

United States		Period	Survey	Actual	Prior
Mon, Oct 03	ISM Manufacturing	31-Oct	50.4	51.5	49.4
Wed, Oct 05	Factory Orders	31-Aug	-0.2%	--	1.9%
Wed, Oct 05	Durable Goods Orders	30-Sep	--	--	0%
Wed, Oct 05	ADP Employment Change	30-Sep	165K	--	177K
Wed, Oct 05	Trade Balance	31-Aug	-39.2B	--	-39.5B
Thu, Oct 06	Continuing Claims	24-Sep	2096K	--	2113K
Thu, Oct 06	Initial Jobless Claims	1-Oct	256K	--	254K
<hr/>					
Fri, Oct 07	Unemployment Rate	30-Sep	4.9%	--	4.9%
<hr/>					
Canada		Period	Survey	Actual	Prior
Thu, Oct 06	Building Permits (MoM)	31-Aug	1%	--	0.8%
Fri, Oct 07	Ivey Purch. Managers Index	30-Sep	--	--	0
Fri, Oct 07	Net Change in Employment	30-Sep	7.5K	--	26.2K
Fri, Oct 07	Unemployment	30-Sep	7%	--	7%

Citigroup Economic Surprise Index



## Economics

	Q3-15	Q4-15	Q1-16	Q2-16
<b>Canada</b>				
Real GDP	2.19%	0.50%	2.50%	-1.61%
CPI	1.20%	1.33%	1.57%	1.57%
Unemployment	7.10%	7.10%	7.10%	6.80%
<b>US</b>				
Real GDP	2.00%	0.90%	0.80%	1.10%
CPI	0.13%	0.47%	1.10%	1.03%
Unemployment	5.10%	5.00%	5.00%	4.90%
<b>China</b>				
Real GDP	6.90%	6.80%	6.70%	6.70%

Real GDP (YoY%)

