

Commentary

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US equity markets made gains yesterday, with the S&P 500 gaining 0.43% to close at 2,159.73 and the Dow Jones Industrial Average gained 0.62% to close at 18,281.03. In Canada, the S&P/TSX Composite gained 0.62% to close at 14,610.58. Europe's STOXX 600 lost 0.55% to close at 344.20, while Germany's DAX lost 0.32% to close at 10,585.78. WTI gained 2.34% to close Wednesday at \$49.83. Gold fell 0.09% to close at \$1,265.20 yesterday. Canadian 10 year bond yields increased 2.4 bps to close at 1.09%. US 10 year note yields were also up yesterday, increasing 1.6 bps to close at 1.70%.

Theresa May, the UK's Prime Minister, criticized the effects of accommodative monetary policy – namely low for long interest rate environments and QE programs - on income inequality, asset price boosts, and savings. In her speech to the Conservative Party, May acknowledged the importance of the policies in avoiding a sustained recession following the financial crisis, but highlighted their adverse consequences and the need for alternative methods going forward. A Bank of England official mentioned that the interest rate environment is a result of declining productivity in the UK and worldwide. May's comments follow a recent change in the Bank rate from 0.5% to 0.25% this past August by the Bank of England, after a period of hold since 2009. Additionally, they come at a time when alternatives to long periods of unconventional monetary policy are being addressed, and central banks that were undergoing long-term QE programs, such as the Bank of Japan, are now exploring alternative or new policy measures.

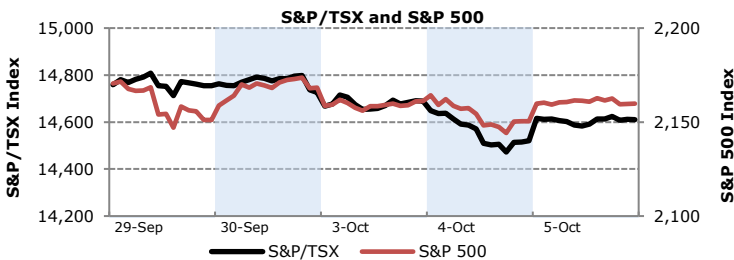
The outlook for the US's monetary policy continues to dominate investor sentiment this week. Speculation of a rate increase is strengthening which could appreciate the US dollar, depress equity markets, and push up the yield on 2-year US treasuries to the most in 10 years, when compared to German notes. In fact, the dollar climbed for a seventh day against the yen and has been holding near a 2-week high against most of its peers. Investors seem bullish on a Fed interest rate hike by the end of this year. Key payroll data, which will be released on Friday, will be closely watched as an indicator of the likely trajectory of borrowing costs. Fed Vice-Chairman Stanley Fischer also emphasized that ultra-low rates are not necessarily here to stay.

Major Economic Releases

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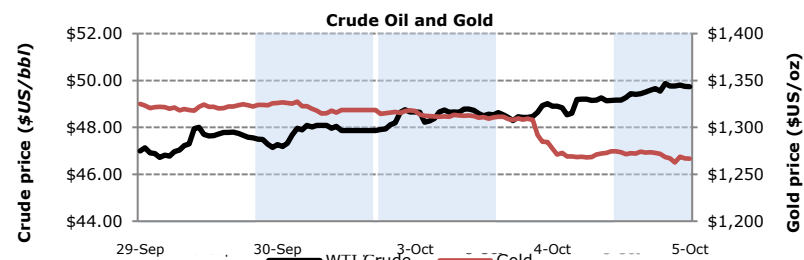
Market Movements

Equities



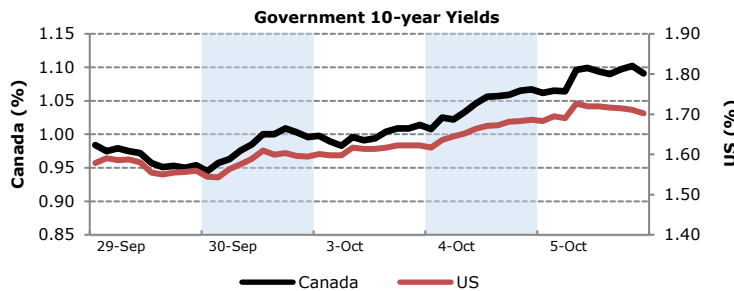
	5-Oct	day Δ	%Δ	5-day	1-mnth
S&P/TSX	14,610.58	89.58	+0.62%	-0.82%	-1.25%
S&P 500	2,159.73	9.24	+0.43%	-0.54%	-0.93%
DJIA	18,281.03	112.58	+0.62%	-0.32%	-1.14%

Commodities



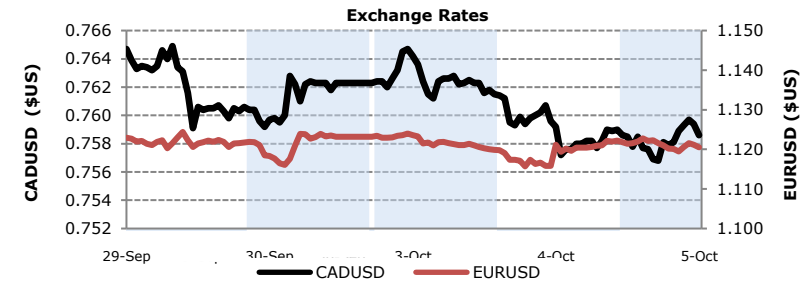
	5-Oct	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$49.83	1.14	+2.34%	+5.91%	+11.15%
Gold (\$US/oz)	\$1,267	-1.73	-0.14%	-4.14%	-4.40%

Interest Rates



	Government 10-year Yields					Historical levels				
	5-Oct	day Δ	-1 mnth	-3 mnths	-1 year	5-Oct	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.09%	0.024%	1.06%	0.98%	1.42%					
United States	1.70%	0.016%	1.60%	1.39%	2.03%					

Foreign Exchange



	(USDCAD implies \$1-USD to CAD)					Historical levels					
	Spot	5-Oct	day Δ	-5 days	-1 mnth	-1 year	5-Oct	day Δ	-5 days	-1 mnth	-1 year
USDCAD	\$1.318	\$1.318	-0.002	1.308	1.284	1.294					
EURUSD	\$1.121	\$1.121	+0.000	1.122	1.126	1.147					

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

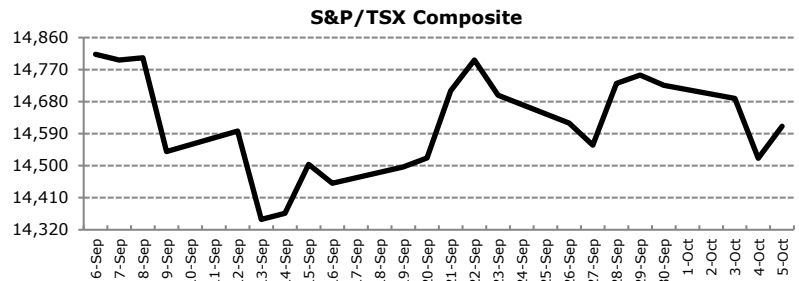


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

Canadian Indicies

TSX	5-Oct	day Δ	%Δ
	14,610.58	89.58	+0.62%
Trailing	S&P/TSX	TSX 60	
5-day	-0.82%	-0.55%	
1-month	-1.25%	-0.91%	
3-months	+2.75%	+3.28%	
6-months	+9.82%	+9.58%	
12-months	+7.81%	+7.49%	



Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.32%	+0.56%	+0.05%	+0.01%
C. Staples	+0.05%	-0.92%	-5.46%	+7.39%
Energy	+1.39%	+2.54%	+3.26%	+14.61%
Financials	+0.49%	-0.11%	+0.11%	+8.37%
Healthcare	+1.31%	-4.43%	-9.46%	-79.15%
Info Tech	-0.06%	-0.17%	+0.54%	+14.31%
Industrials	+1.29%	+2.34%	+0.28%	+12.24%
Materials	+0.78%	-9.05%	-9.72%	+34.02%
Telecom	-0.56%	-1.20%	-3.12%	+7.71%
Utilities	-0.94%	-2.77%	-3.48%	+6.59%

TSX Top Performers

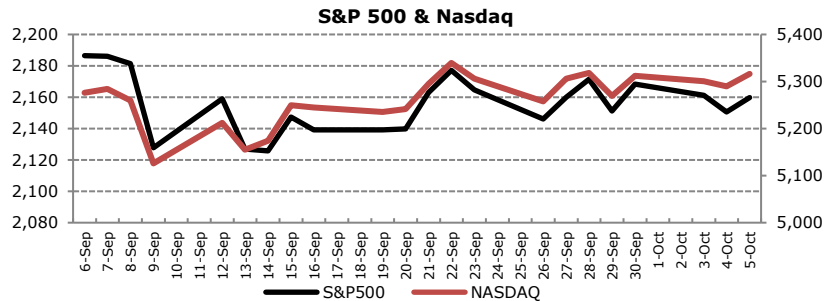
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Baytex Energy Corp	+8.50%	+4.45%	-4.71%	+5.96%
Enerplus Corp	+7.68%	+19.34%	+6.63%	+23.71%
Meg Energy Corp	+7.48%	+13.87%	+11.66%	-42.49%
Crew Energy Inc	+7.24%	+5.02%	+8.05%	+39.69%
Whitecap Resources Inc	+6.26%	+7.85%	+15.86%	-10.33%

TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Novagold Resources Inc	-5.93%	-19.60%	-17.40%	+23.06%
Chartwell Retirement Resi	-4.75%	-1.42%	-2.25%	+23.90%
First Majestic Silver Cor	-3.47%	-19.45%	-29.21%	+127.35%
Detour Gold Corp	-3.35%	-17.17%	-24.47%	+48.37%
Dhx Media Ltd	-3.34%	-0.71%	-9.62%	-16.67%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
5-Oct	2,159.73	18,281.03	5,316.02
1-day	+0.43%	+0.62%	+0.50%
5-day	-0.54%	-0.32%	-0.05%
1-month	-0.93%	-1.14%	+1.26%
3-months	+3.41%	+2.47%	+10.22%
6-months	+5.60%	+3.85%	+9.75%
12-months	+8.69%	+8.97%	+11.18%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.39%	+0.30%	-0.72%	+4.13%
C. Staples	-0.18%	-1.60%	-4.08%	+7.59%
Energy	+1.41%	+1.49%	+2.64%	+8.01%
Financials	+1.50%	+1.30%	-1.59%	+4.20%
Healthcare	+0.31%	-0.80%	-0.47%	+5.36%
Info Tech	+0.44%	-0.11%	+1.56%	+16.69%
Industrials	+0.57%	-0.13%	-0.91%	+12.27%
Materials	+0.67%	-0.83%	-3.40%	+11.59%
Telecom	-1.78%	-3.80%	-4.79%	+14.48%
Utilities	-0.25%	-5.79%	-4.39%	+7.39%

DJIA Top Performers

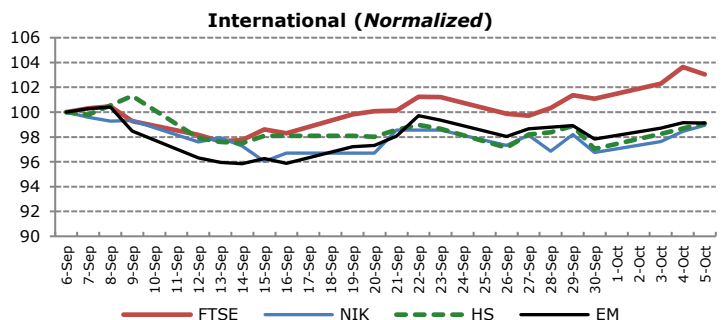
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Goldman Sachs Group Inc	+2.55%	+1.80%	-1.64%	-7.72%
Caterpillar Inc	+2.18%	+3.27%	+9.46%	+26.26%
Boeing Co/The	+1.82%	+1.84%	+2.67%	+0.02%

DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Verizon Communications In	-1.93%	-3.44%	-4.94%	+14.09%
Home Depot Inc	-0.48%	-0.54%	-5.60%	+7.50%
Unitedhealth Group Inc	-0.41%	-2.00%	+0.72%	+18.57%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	7,033.25	16,819.24	23,788.31	915.26
1-day	-0.58%	+0.50%	+0.42%	-0.04%
5-day	+2.68%	+2.15%	+0.71%	+0.34%
1-month	+2.24%	-1.28%	+0.59%	+1.74%
3-months	+7.45%	+7.34%	+14.64%	+10.05%
6-months	+15.47%	+6.91%	+17.90%	+12.58%
12-months	+11.66%	-6.59%	+8.85%	+11.45%



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Oil & Gas

Nymex WTI Crude Oil

(\$US/Bbl)	5-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$49.83	+\$1.14	+2.34%	+5.91%	+11.15%
Cal 17	\$52.83	+\$0.87	+1.67%	+5.18%	+2.08%
Cal 18	\$54.67	+\$0.64	+1.19%	+4.02%	+1.51%

(\$US/bbl)	Q1-17	Q2-17	Q3-17	Q4-17	2018
Consensus Forecast	\$51.00	\$52.50	\$56.00	\$58.25	\$60.00
Current Forward	\$51.50	\$52.68	\$53.33	\$53.82	\$54.67

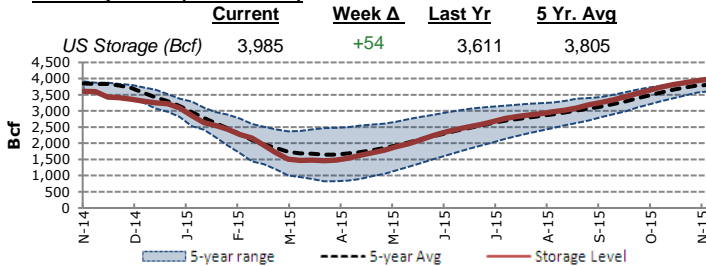
Inventory Levels (as of Sep-09)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	510,798	-559	337,426	319,411
Motor Gas	228,360	+567	214,389	200,481
Distillates	162,754	+4,619	171,756	140,851

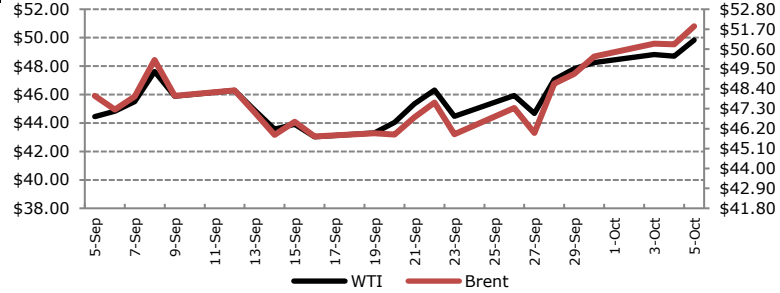
Nymex Natural Gas

(\$US/MMbtu)	5-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.04	+\$0.08	+2.60%	+1.30%	+11.92%
Nov16-Mar17	\$3.29	+\$0.07	+2.33%	+1.84%	+4.51%
Apr17-Oct17	\$3.11	+\$0.07	+2.24%	+2.37%	+4.70%
Nov17-Mar18	\$3.30	+\$0.06	+1.88%	+2.01%	+3.29%
Apr18-Oct18	\$2.83	+\$0.05	+1.91%	+1.29%	-0.04%

Inventory Levels (as of Nov-06)



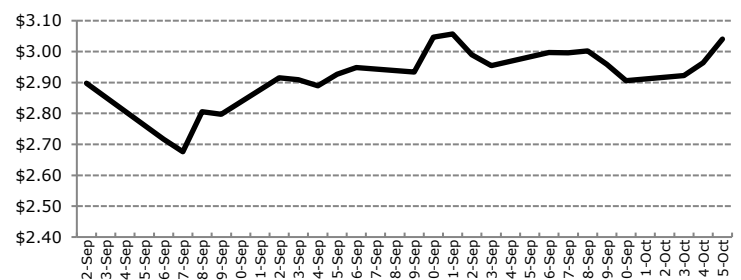
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	5-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$51.86	+\$0.99	+1.91%	+6.51%	+9.73%

Nat Gas Prompt (\$US/MMbtu)



Alberta Natural Gas

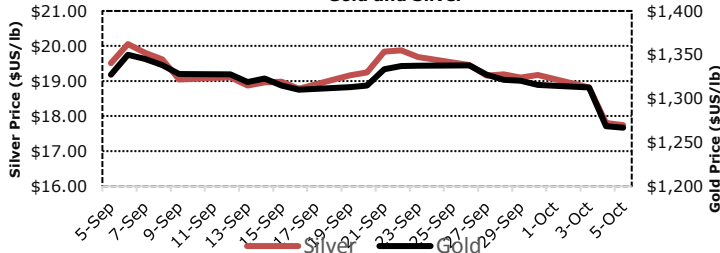
(\$CAD/GJ)	5-Oct	day Δ	%Δ
AECO Nov-16	\$2.77	+\$0.07	+2.6%

Other Commodities

Precious Metals

\$US/oz	5-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,266.80	-\$1.73	-0.1%	-4.1%	-4.4%	-5.0%
Silver	\$17.74	-\$0.06	-0.3%	-7.6%	-8.8%	-12.1%
Platinum	\$978	-\$8.02	-0.8%	-5.1%	-8.2%	-10.5%

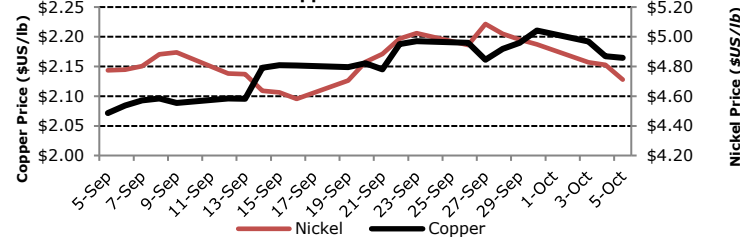
Gold and Silver



Industrial Metals

\$US/lb	5-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.16	-\$0.00	-0.1%	-0.7%	+4.5%	-2.1%
Nickel	\$4.71	-\$0.10	-2.1%	-6.1%	+0.3%	-3.2%
Aluminum	\$0.79	+\$0.00	0.0%	0.0%	0.0%	0.0%
Uranium	\$22.75	+\$0.10	+0.4%	-3.2%	-11.3%	-14.0%

Copper and Nickel



Agriculture & Other

	5-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.48	-\$0.00	-0.1%	+5.6%	+5.9%
Wheat (\$US/bu)	\$4.05	+\$0.09	+2.4%	+0.4%	+1.6%
Soybeans (\$US/bu)	\$9.57	-\$0.07	-0.7%	+1.2%	-0.3%
Rough Rice (\$US/cwt)	\$10.04	-\$0.06	-0.5%	+3.1%	+5.5%
Sugar #11 (#US/lb)	¢23.81	¢0.55	+2.4%	+0.1%	+14.2%
Lean Hogs (#US/lb)	¢41.45	¢2.05	-4.7%	-11.2%	-23.5%
Live Cattle (#US/lb)	¢103.05	¢0.38	+0.4%	-0.6%	+1.1%
Cotton No.2 (\$US/lb)	\$0.68	-\$0.02	-2.7%	-1.0%	-2.1%
Lumber (\$US/Mbft)	\$331.70	+\$1.40	+0.4%	+1.9%	+5.8%

Commodity ETFs

	5-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$8.66	+\$0.39	+4.7%	+13.4%	+17.2%
HBP Nat Gas U	\$11.98	+\$0.48	+4.2%	+1.7%	+14.3%
iShares Gold ETF	\$11.10	-\$0.07	-0.6%	-4.6%	-6.6%
\$USD					
US Crude Oil	\$11.35	+\$0.26	+2.3%	6.57%	+12.8%
US Nat Gas	\$8.68	+\$0.18	+2.1%	0.81%	+5.3%
PSDB Agriculture	\$20.17	+\$0.04	+0.2%	-0.84%	-0.3%
PSDB Base Metals	\$13.90	-\$0.08	-0.6%	-0.22%	+2.0%

Interest Rates

Canadian yield curve

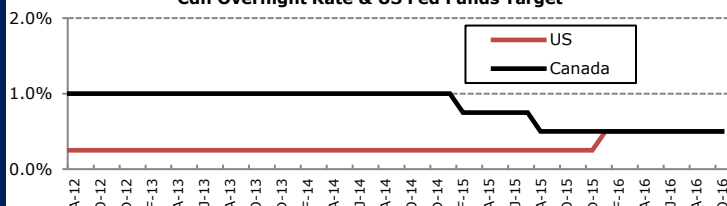
	5-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.49%	-	0.51%	0.46%	0.41%
6-mnth	0.52%	-	0.52%	0.50%	0.44%
12-mnth	0.56%	+0.01%	0.57%	0.50%	0.49%
2-year	0.57%	+0.02%	0.59%	0.47%	0.51%
5-year	0.68%	+0.02%	0.69%	0.53%	0.78%
10-year	1.09%	+0.02%	1.06%	0.98%	1.42%
20-year	1.73%	+0.03%	1.64%	1.55%	2.18%
30-year	1.76%	+0.03%	1.66%	1.56%	2.22%

US yield curve

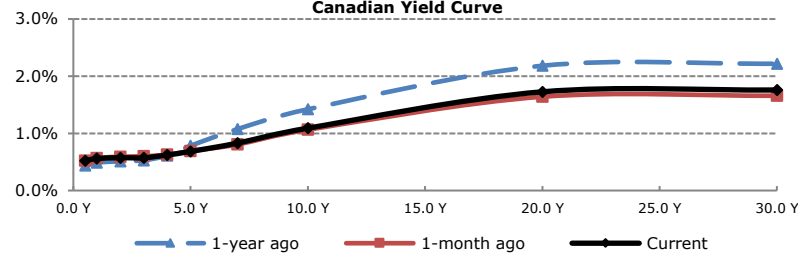
	5-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.32%	-	0.32%	0.28%	-0.01%
6-mnth	0.46%	-0.02%	0.45%	0.36%	0.06%
12-mnth	0.63%	-	0.58%	0.45%	0.23%
2-year	0.83%	+0.01%	0.79%	0.59%	0.60%
5-year	1.24%	+0.02%	1.19%	0.96%	1.32%
10-year	1.70%	+0.02%	1.60%	1.39%	2.03%
30-year	2.42%	+0.01%	2.28%	2.13%	2.87%

	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%

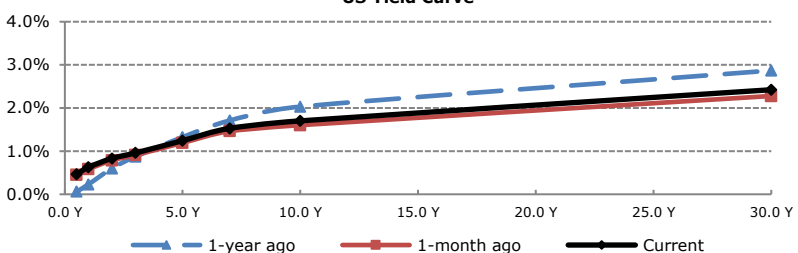
Cdn Overnight Rate & US Fed Funds Target



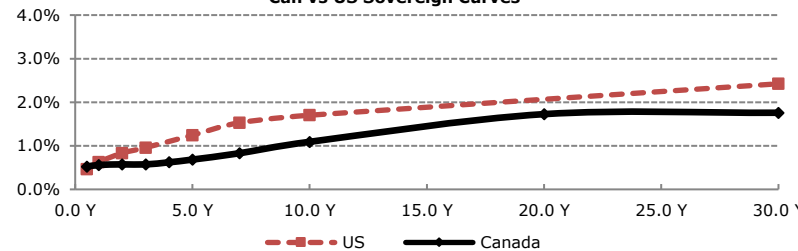
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

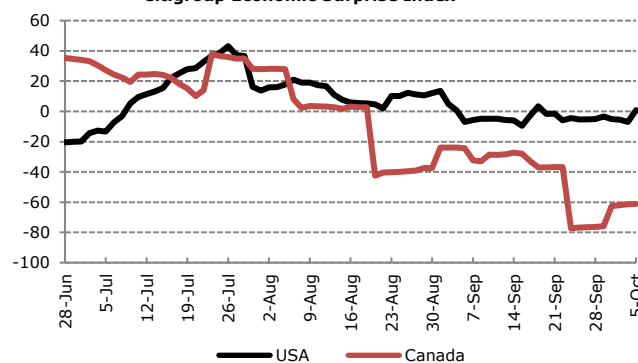
	Spot	5-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.318	-0.002		1.284	1.300	1.294
EURUSD	\$1.121	+0.000		1.126	1.106	1.147
USDJPY	¥103.50	+0.600		102.02	100.77	118.83
GBPUSD	\$1.275	+0.002		1.344	1.291	1.548
AUDUSD	\$0.762	+0.000		0.769	0.748	0.730

	Spot	5-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥78.55	+0.548		79.43	77.50	91.86
CADAUD	\$0.996	+0.001		1.013	1.028	1.059
GBPCAD	£1.680	+0.001		1.726	1.678	2.002
EURJPY	¥115.97	+0.680		114.82	111.48	136.35
EURAUD	\$1.47	-0.000		1.46	1.48	1.57

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	30-Sep	-0.2%	0.2%	1.9%
Wed, Oct 05	Durable Goods Orders	30-Sep	--	0.1%	4.4%
Wed, Oct 05	ADP Employment Change	31-Oct	165K	154K	177K
Wed, Oct 05	Trade Balance	30-Sep	-39.2B	-40.7B	-39.5B
Thu, Oct 06	Continuing Claims	24-Sep	2081K	--	2062K
Thu, Oct 06	Initial Jobless Claims	1-Oct	256K	254K	252K
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Fri, Oct 07	Unemployment Rate	30-Sep	4.9%	--	4.9%
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Canada		Period	Survey	Actual	Prior
Thu, Oct 06	Building Permits (MoM)	31-Aug	1%	0.8%	-5.5%
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
Canada				
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%
US				
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%
China				
Real GDP	6.90%	6.80%	6.70%	6.70%

Real GDP (YoY%)

