

Commentary

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North American equity Markets moved up, with the S&P 500 Index climbing 0.11% and the Dow Jones Industrial Average rising 0.09% to close at 2,139.18 and 18,144.20, respectively. The S&P/TSX Composite increased 0.48% to close at 14,618.97. European markets declined, with STOXX 600 falling 0.47% to close at 338.56, and DAX declining 0.51% to close at 10,523.07. WTI declined for a second day, falling 1.20% to close at \$50.18. The declines follow a period of strong gains that trailed OPEC's Algiers meeting statements. The yield on the 10 year US government notes moved up 0.5 bps to close at 1.769%, and the yield on the Canadian 10 year bonds declined 0.1 bps to close at 1.193%.

The Bank of Korea decided to hold its key interest rate unchanged at the record low of 1.25% as the board members considered the risks from household debt growing faster. Household debt in Korea climbed 11% at the end of June 2016 to \$1.1 trillion. This rise limited the room for an interest rate cut. In addition, inflation was up to a seven-month high of 1.2% in September from a year before, accelerating from 0.4% in August. The growing inflationary pressure also allowed the BOK to delay its interest rate cut. BOK Governor Lee Ju-yeol claimed that economic growth up to Oct 2016 has been within expectations. At the July outlook revision, the BOK projected GDP growing at 2.7% and 2.9% for 2016 and 2017, respectively.

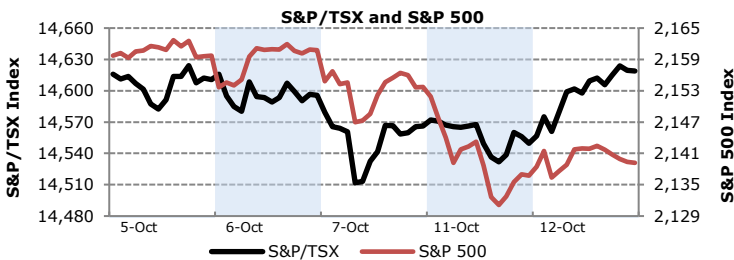
The Federal Reserve published its September FOMC meeting minutes this Wednesday, which highlighted the divide associated with the recent decision to hold interest rates at the target 0.25-0.5% last September. While 3 out of the 10 members voted for a rate hike, the minutes show that some of those who voted for a hold were in favour of rates rising soon. They indicated agreement on improving labour market and economic conditions, in addition to agreement on reduced risks associated with external factors and economies. Nevertheless, there was some disagreement with respect to the effect of interest rates on unemployment, with some suggesting room for potential improvement – especially regarding labour market aspects that are not easily captured by data, and others voicing concerns about inflation. Overall, the decision to hold rates seemed to have been cautionary with respect to the labour market. The release, together with several recent official statements, suggest an increased possibility for an upcoming rate hike in December.

Major Economic Releases

United States	Period	Survey	Actual	Prior	Canada	Period	Survey	Actual	Prior
None Scheduled					None Scheduled				

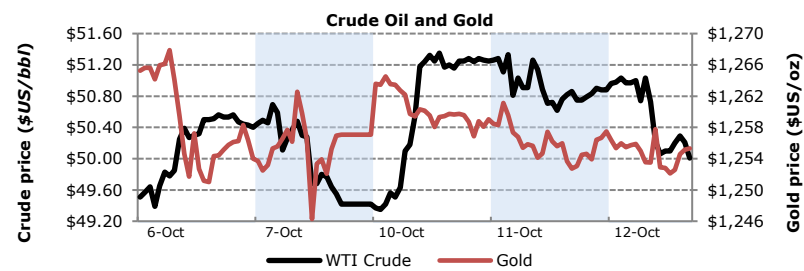
Market Movements

Equities



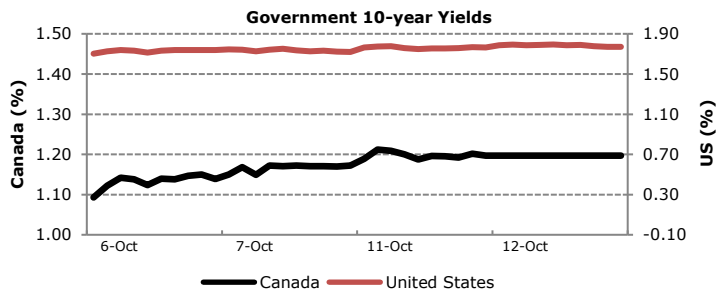
	12-Oct	day Δ	%Δ	5-day	1-mnth
S&P/TSX	14,618.97	69.37	+0.48%	+0.67%	+0.15%
S&P 500	2,139.18	2.45	+0.11%	-0.95%	-0.92%
DJIA	18,144.20	15.54	+0.09%	-0.75%	-0.99%

Commodities



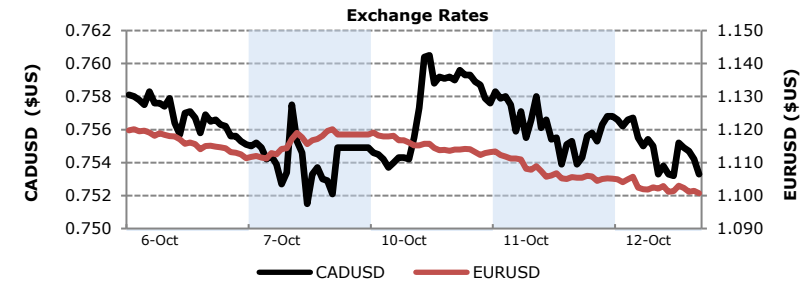
	12-Oct	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$50.18	-0.61	-1.20%	+0.70%	+11.76%
Gold (\$US/oz)	\$1,255	2.57	+0.21%	-0.91%	-5.46%

Interest Rates



	Government 10-year Yields				
	12-Oct	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.20%	-0.001%	1.16%	1.06%	1.45%
United States	1.77%	0.005%	1.66%	1.54%	2.04%

Foreign Exchange



	Exchange Rates				
	12-Oct	day Δ	-5 days	-1 mnth	-1 year
USDCAD (implies \$1-USD to CAD)	\$1.328	+0.001	1.318	1.318	1.314
EURUSD	\$1.101	-0.005	1.121	1.122	1.134

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

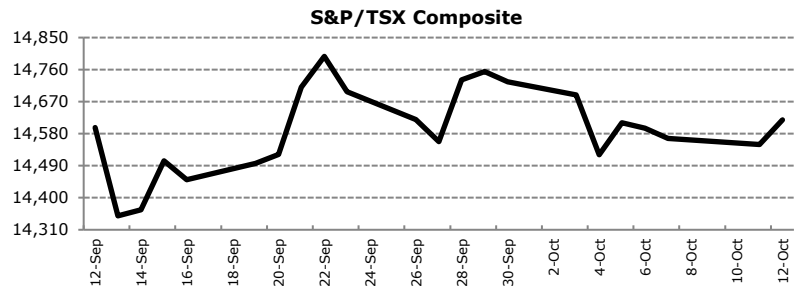


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

Canadian Indicies

TSX	12-Oct	day Δ	%Δ
	14,618.97	69.37	+0.48%
Trailing	S&P/TSX	TSX 60	
5-day	+0.67%	+0.67%	
1-month	+0.15%	+0.55%	
3-months	+0.98%	+1.48%	
6-months	+7.64%	+7.41%	
12-months	+4.69%	+4.38%	



Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.34%	-0.22%	+1.76%	-0.36%
C. Staples	+1.16%	+0.84%	+0.02%	+10.50%
Energy	-0.13%	+1.64%	+3.08%	+7.76%
Financials	+0.23%	+0.43%	+1.28%	+6.38%
Healthcare	+1.21%	-2.31%	-11.99%	-81.03%
Info Tech	-0.14%	-1.88%	+0.81%	+13.14%
Industrials	+0.05%	+1.30%	+3.52%	+8.51%
Materials	+1.93%	+1.09%	-8.52%	+25.47%
Telecom	+0.95%	-0.36%	-0.52%	+7.92%
Utilities	+1.19%	-0.50%	-1.35%	+6.87%

TSX Top Performers

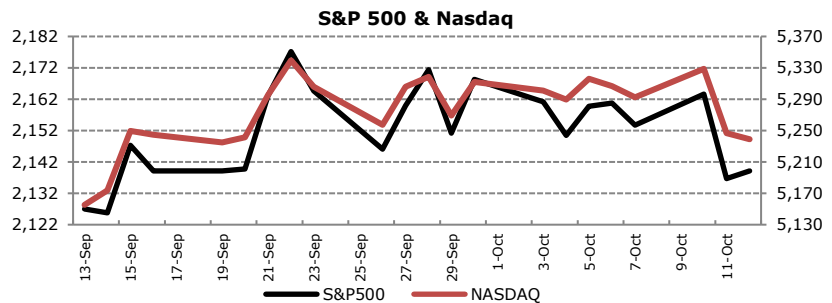
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Prometic Life Sciences In	+10.45%	+9.31%	+9.31%	+68.62%
Just Energy Group Inc	+7.92%	+5.14%	-3.74%	-23.46%
Torex Gold Resources Inc	+7.71%	+4.91%	-20.45%	+85.26%
B2Gold Corp	+6.14%	+0.65%	-11.40%	+87.35%
Nuvista Energy Ltd	+5.35%	+12.65%	+2.89%	+25.71%

TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Precision Drilling Corp	-4.44%	+10.04%	+14.64%	-2.90%
Surge Energy Inc	-3.39%	+7.14%	+13.10%	-14.16%
Crescent Point Energy Cor	-3.35%	-1.98%	-4.63%	-10.54%
Western Forest Products I	-3.33%	-3.79%	-2.87%	+5.73%
Bonterra Energy Corp	-2.90%	-1.96%	-1.36%	+9.75%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
12-Oct	2,139.18	18,144.20	5,239.02
1-day	+0.11%	+0.09%	-0.15%
5-day	-0.95%	-0.75%	-1.45%
1-month	-0.92%	-0.99%	+0.52%
3-months	-0.60%	-1.11%	+4.30%
6-months	+3.76%	+2.39%	+7.53%
12-months	+6.03%	+5.91%	+8.27%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.39%	-1.05%	-0.11%	+1.57%
C. Staples	+0.51%	-0.13%	-2.19%	+5.39%
Energy	-0.41%	-0.38%	+0.71%	+3.82%
Financials	+0.15%	-0.29%	-0.80%	+3.45%
Healthcare	-0.56%	-2.95%	-3.34%	+2.09%
Info Tech	+0.06%	-0.44%	+1.98%	+14.18%
Industrials	+0.17%	-2.09%	-1.23%	+6.56%
Materials	-0.24%	-2.13%	-2.87%	+5.92%
Telecom	+0.59%	+0.28%	-4.00%	+14.62%
Utilities	+0.99%	+0.54%	-3.15%	+7.27%

DJIA Top Performers

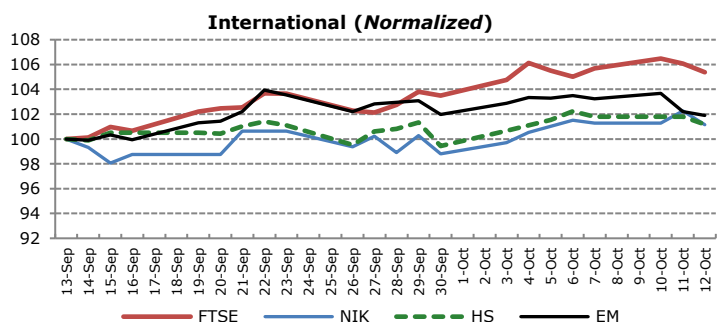
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Nike Inc -Cl B	+1.20%	+0.61%	-5.22%	-16.64%
Travelers Cos Inc/The	+1.18%	+1.99%	+0.80%	+11.65%
Mcdonald'S Corp	+0.91%	+1.15%	+0.11%	+10.96%

DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Cisco Systems Inc	-2.26%	-3.96%	-1.65%	+8.94%
Chevron Corp	-0.86%	-0.08%	+0.87%	+15.58%
Exxon Mobil Corp	-0.70%	+0.15%	+0.33%	+10.07%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	7,024.01	16,840.00	23,407.05	902.74
1-day	-0.66%	-1.09%	-0.60%	-0.31%
5-day	-0.13%	+0.62%	-1.60%	-1.37%
1-month	+4.82%	+1.00%	+0.50%	+1.50%
3-months	+5.14%	+4.62%	+10.28%	+5.70%
6-months	+12.52%	+5.72%	+14.16%	+8.65%
12-months	+10.25%	-8.67%	+2.97%	+4.34%



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Oil & Gas

Nymex WTI Crude Oil

(\$US/Bbl)	12-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$50.18	-\$0.61	-1.20%	+0.70%	+11.76%
Cal 17	\$52.85	-\$0.49	-0.91%	+0.04%	+5.31%
Cal 18	\$54.36	-\$0.36	-0.65%	-0.57%	+3.73%

(\$US/bbl)	Q1-17	Q2-17	Q3-17	Q4-17	2018
Consensus Forecast	\$50.40	\$52.50	\$54.00	\$57.50	\$60.00
Current Forward	\$51.63	\$52.73	\$53.32	\$53.73	\$54.36

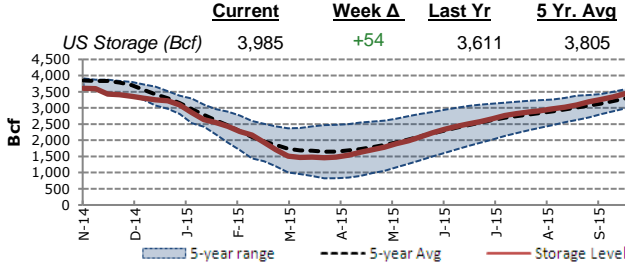
Inventory Levels (as of Sep-09)

(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

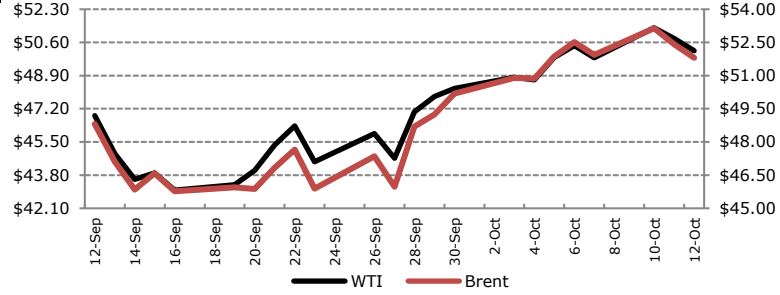
Nymex Natural Gas

(\$US/MMbtu)	12-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.21	-\$0.03	-0.83%	+5.56%	+10.35%
Nov16-Mar17	\$3.44	-\$0.02	-0.49%	+4.60%	+8.14%
Apr17-Oct17	\$3.22	+\$0.01	+0.29%	+3.65%	+7.06%
Nov17-Mar18	\$3.41	+\$0.01	+0.38%	+3.30%	+5.62%
Apr18-Oct18	\$2.87	+\$0.02	+0.78%	+1.54%	+1.38%

Inventory Levels (as of Nov-06)



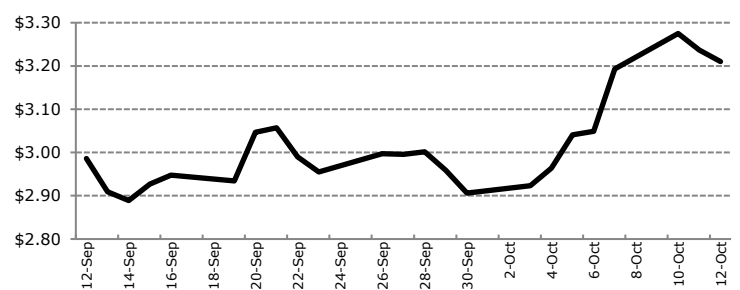
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	12-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$51.81	-\$0.60	-1.16%	-0.10%	+10.00%

Nat Gas Prompt (\$US/MMbtu)



Alberta Natural Gas

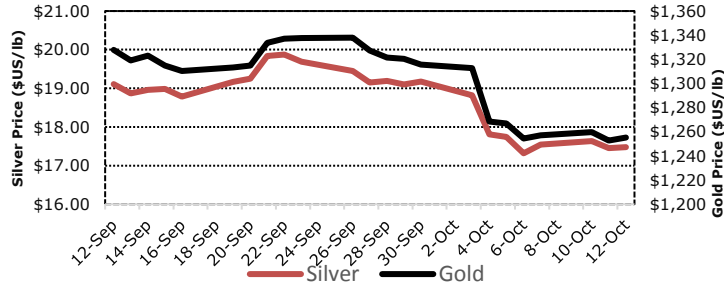
(\$CAD/GJ)	12-Oct	day Δ	%Δ
AECO Nov-16	\$2.97	+\$0.00	+0.1%

Other Commodities

Precious Metals

\$US/oz	12-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,255.30	+\$2.57	+0.2%	-0.9%	-5.5%	-5.8%
Silver	\$17.48	+\$0.02	+0.1%	-1.5%	-8.5%	-12.3%
Platinum	\$943	-\$5.98	-0.6%	-3.6%	-10.7%	-13.7%

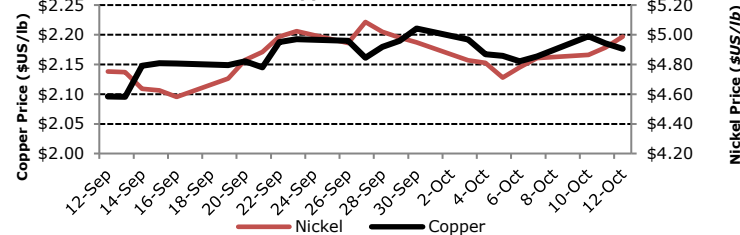
Gold and Silver



Industrial Metals

\$US/lb	12-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.18	-\$0.01	-0.4%	+0.6%	+3.8%	-3.8%
Nickel	\$4.99	+\$0.07	+1.5%	+5.8%	+4.9%	-0.3%
Aluminum	\$0.79	+\$0.00	0.0%	0.0%	0.0%	0.0%
Uranium	\$22.50	-\$0.25	-1.1%	-1.1%	-11.4%	-11.4%

Copper and Nickel



Commodity ETFs

	12-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.37	-\$0.09	-2.5%	-3.1%	+2.1%
Wheat (\$US/bu)	\$3.97	-\$0.11	-2.6%	-2.0%	-1.1%
Soybeans (\$US/bu)	\$9.46	-\$0.09	-0.9%	-1.2%	+0.2%
Rough Rice (\$US/cwt)	\$10.18	-\$0.22	-2.1%	+1.4%	+5.9%
Sugar #11 (#US/lb)	¢23.15	-¢0.14	-0.6%	-2.8%	+10.4%
Lean Hogs (#US/lb)	¢44.05	+¢1.28	+3.0%	+6.3%	-12.9%
Live Cattle (#US/lb)	¢98.00	-¢1.10	-1.1%	-4.9%	-7.4%
Cotton No.2 (\$US/lb)	\$0.69	+\$0.02	+2.7%	+1.7%	+3.1%
Lumber (\$US/Mbft)	\$334.60	+\$2.30	+0.7%	+0.9%	+8.7%

\$CAD	12-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$8.80	-\$0.22	-2.4%	+6.3%	+13.8%
HBP Nat Gas U	\$13.37	-\$0.07	-0.5%	+16.3%	+15.7%
iShares Gold ETF	\$11.05	+\$0.05	+0.5%	-1.1%	-5.0%

\$USD	12-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$11.43	-\$0.15	-1.3%	0.70%	+7.4%
US Nat Gas	\$9.21	-\$0.03	-0.3%	6.11%	+8.1%
PSDB Agriculture	\$19.94	-\$0.08	-0.4%	-1.14%	-2.1%
PSDB Base Metals	\$13.73	+\$0.01	+0.1%	-1.22%	+2.9%

Interest Rates

Canadian yield curve

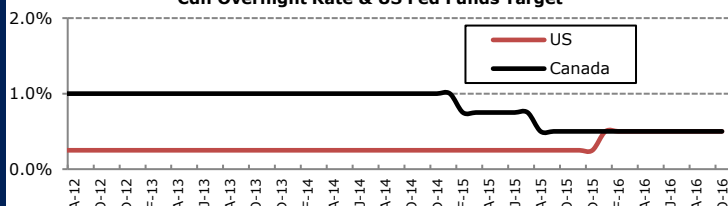
	12-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.50%	-	0.50%	0.46%	0.40%
6-mnth	0.53%	-	0.52%	0.51%	0.42%
12-mnth	0.59%	+0.01%	0.56%	0.51%	0.49%
2-year	0.60%	-0.00%	0.59%	0.55%	0.54%
5-year	0.75%	-0.01%	0.71%	0.62%	0.82%
10-year	1.20%	-0.00%	1.16%	1.06%	1.45%
20-year	1.80%	-0.00%	1.77%	1.66%	2.22%
30-year	1.83%	-0.00%	1.79%	1.68%	2.25%

US yield curve

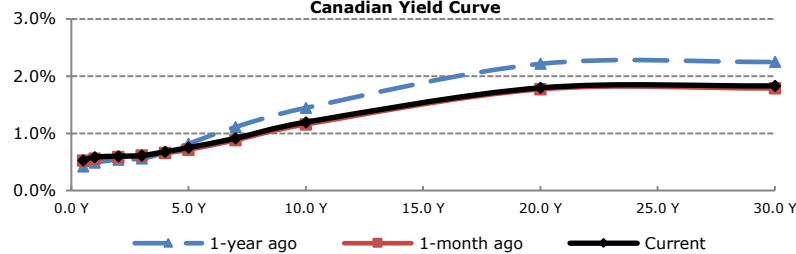
	12-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.34%	+0.01%	0.36%	0.31%	0.00%
6-mnth	0.47%	+0.02%	0.52%	0.41%	0.05%
12-mnth	0.68%	+0.04%	0.55%	0.51%	0.23%
2-year	0.86%	-0.01%	0.77%	0.67%	0.62%
5-year	1.29%	-0.00%	1.20%	1.10%	1.35%
10-year	1.77%	+0.01%	1.66%	1.54%	2.04%
30-year	2.50%	-0.00%	2.39%	2.25%	2.88%

	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%

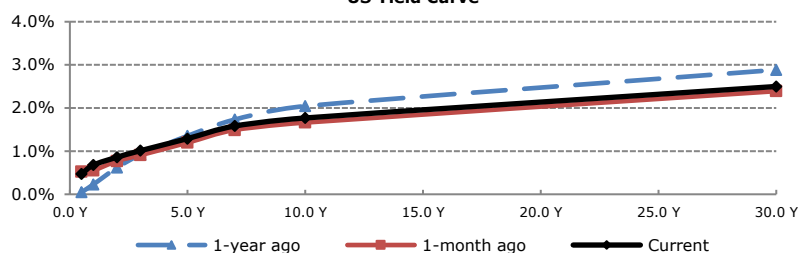
Cdn Overnight Rate & US Fed Funds Target



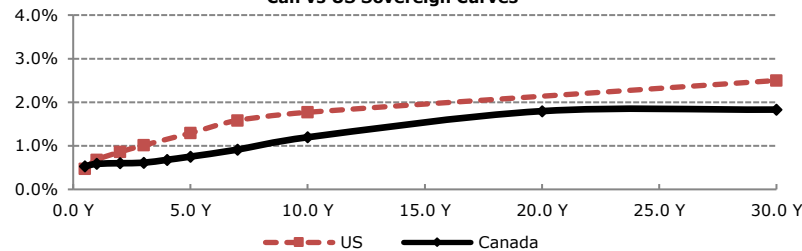
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	12-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.328		+0.001	1.318	1.289	1.314
EURUSD	\$1.101		-0.005	1.122	1.112	1.134
USDJPY	¥104.21		+0.700	102.56	105.35	119.93
GBPUSD	\$1.220		+0.008	1.319	1.334	1.542
AUDUSD	\$0.756		+0.002	0.746	0.763	0.721

	Spot	12-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥78.49		+0.465	77.84	81.72	91.28
CADAUD	\$0.996		-0.004	1.017	1.017	1.056
GBPUSD	£1.620		+0.012	1.738	1.720	2.026
EURJPY	¥114.70		+0.290	115.07	117.14	135.99
EURAUD	\$1.46		-0.011	1.50	1.46	1.57

Economic Releases

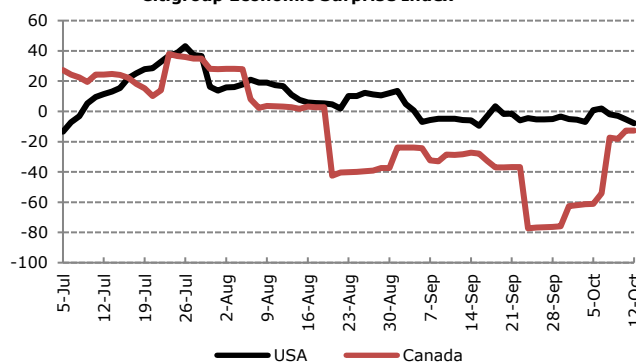
United States

Date	Release	Period	Survey	Actual	Prior
Thu, Oct 13	Continuing Claims	1-Oct	2050K	--	2062K
Thu, Oct 13	Initial Jobless Claims	8-Oct	253K	--	254K
Fri, Oct 14	Advance Retail Sales	30-Sep	0.6%	--	-0.3%
Fri, Oct 14	Producer Price Index (MoM)	30-Sep	--	--	0%

Canada

Date	Release	Period	Survey	Actual	Prior
Tue, Oct 11	Housing Starts	31-Oct	190K	220.6K	182.7K

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%)

