

Commentary

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North American equity markets were mixed on Friday, with American equity markets gaining slightly and Canadian equity markets falling. Leading the charge for American equity markets was the Dow Jones Industrial Average, which rose 0.22% to 18,138.38, followed by the S&P 500, which inched up 0.02% to 2,132.98. Canadian equity markets fared worse on Friday; the S&P/TSX Composite declined 0.40% to 14,584.99. Bond markets fell across the board, as the yield on the Canadian 10yr Note rose 7.1bps to 1.25% and the yield on the 10yr US treasury increased 5.7bps to 1.80%. The Bank of Canada is scheduled to announce their interest rate decision tomorrow, with surveys reporting that investors are expecting no change in policy.

The balance sheets of the worlds' largest central banks have been increasing at their fastest pace since 2011 as a result of continued asset purchase programs. These asset purchase programs are designed to drive up the prices of bonds, and as a result, lower bond yields to spur investment and boost economic growth. However, the ramp up in central bank assets comes at a time when economists and policymakers debate whether the artificially low interest rates are creating bubbles in other asset classes. The 10 largest lenders have expanded their balance sheets by 10% this year, 256% since mid-October 2006, to \$21.40 trillion. Almost the entirety of the increase this year was from the Bank of Japan and the European Central Bank, together increasing their assets by \$2.10 trillion.

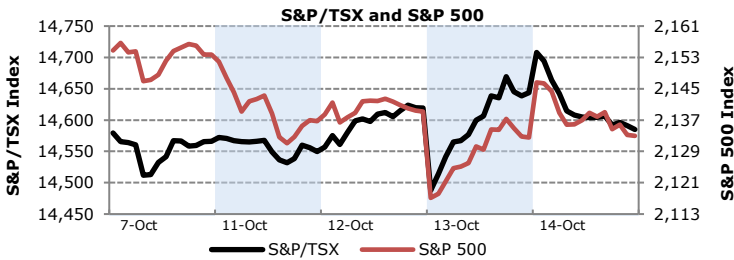
On September 25th, Saudi Arabia's central bank pledged to inject 20 billion riyals (\$5.3 billion USD) into the financial system, relax lending limits, and offer new borrowing facilities in an effort to ease the cash crunch resulting from depressed oil prices. Yesterday, in direct opposition of the central bank's wishes, the country's interbank lending rates increased by the most since August as a result of slowing corporate earnings. Financial institutions in the oil driven economy have seen their loan-to-deposit ratio, a key measure of liquidity, deteriorate to 90.80% in August, the worst since 2008. The IMF forecasts that the nation will post a budget deficit of 13.50% of GDP this year, the highest since 1992.

Major Economic Releases

| United States | Period | Survey | Actual | Prior | Canada | Period | Survey | Actual | Prior |
|---------------------------|--------|--------|--------|-------|----------------|--------|--------|--------|-------|
| Industrial Production MoM | Sep | 0.2% | | -0.4% | None scheduled | | | | |

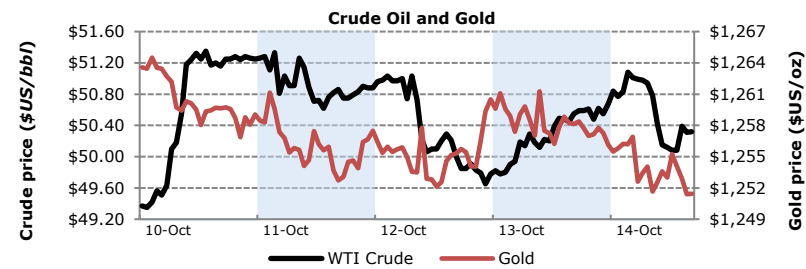
Market Movements

Equities



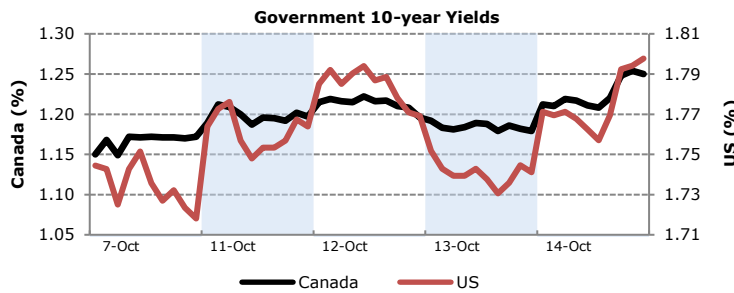
| | 14-Oct | day Δ | %Δ | 5-day | 1-mnth |
|---------|-----------|--------|--------|--------|--------|
| S&P/TSX | 14,584.99 | -58.72 | -0.40% | -0.07% | +1.52% |
| S&P 500 | 2,132.98 | 0.43 | +0.02% | -0.96% | +0.34% |
| DJIA | 18,138.38 | 39.44 | +0.22% | -0.56% | +0.57% |

Commodities



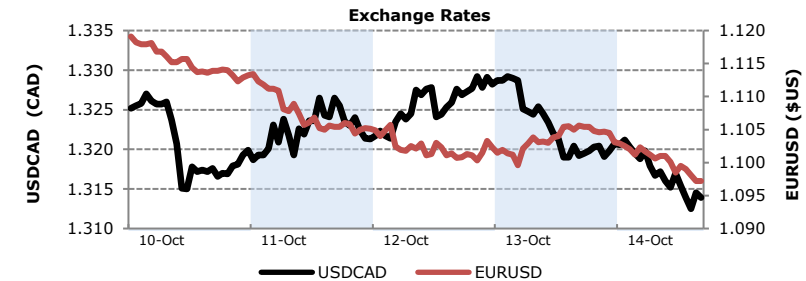
| | 14-Oct | day Δ | %Δ | 5-day | 1-mnth |
|----------------|---------|-------|--------|--------|---------|
| Oil (\$US/bbl) | \$50.35 | -0.09 | -0.18% | +1.08% | +14.67% |
| Gold (\$US/oz) | \$1,251 | -6.7 | -0.53% | -0.44% | -5.41% |

Interest Rates



| | Government 10-year Yields | | | | |
|---------------|---------------------------|--------|---------|----------|---------|
| | 14-Oct | day Δ | -1 mnth | -3 mnths | -1 year |
| Canada | 1.25% | 0.071% | 1.19% | 1.08% | 1.44% |
| United States | 1.80% | 0.057% | 1.70% | 1.55% | 2.02% |

Foreign Exchange



| | Exchange Rates | | | | |
|--------|----------------|--------|-------|---------|---------|
| | Spot | 14-Oct | day Δ | -5 days | -1 mnth |
| USDCAD | \$1.314 | -0.005 | 1.322 | 1.320 | 1.291 |
| EURUSD | \$1.097 | -0.008 | 1.115 | 1.125 | 1.135 |

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

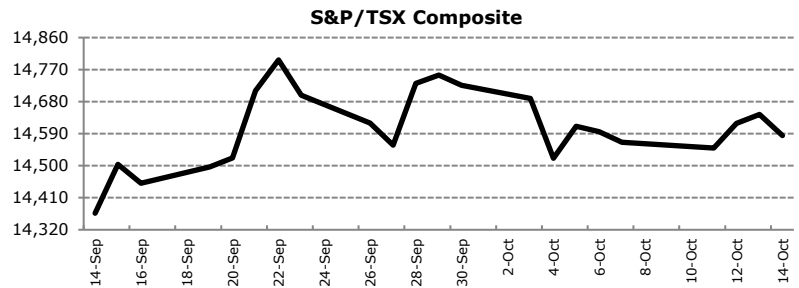


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

Canadian Indicies

| TSX | 14-Oct | day Δ | %Δ |
|-----------------|--------------------|---------------|--------|
| | 14,584.99 | -58.72 | -0.40% |
| Trailing | S&P/TSX | TSX 60 | |
| 5-day | -0.07% | -0.10% | |
| 1-month | +1.52% | +1.94% | |
| 3-months | +0.49% | +0.87% | |
| 6-months | +6.71% | +6.32% | |
| 12-months | +5.11% | +4.70% | |



Sector Returns

| | 1-day | 5-day | 1-mnth | 12-mnth |
|------------------|--------|--------|---------|---------|
| C. Discretionary | -0.25% | -1.55% | +1.32% | -1.22% |
| C. Staples | +0.22% | +1.73% | +1.12% | +10.49% |
| Energy | -0.60% | +0.04% | +6.28% | +8.66% |
| Financials | -0.10% | -0.01% | +2.37% | +7.59% |
| Healthcare | -1.91% | -3.51% | -11.84% | -81.53% |
| Info Tech | +0.13% | -2.99% | +1.12% | +12.93% |
| Industrials | -0.40% | -0.83% | +3.97% | +11.30% |
| Materials | -1.54% | +0.57% | -7.40% | +21.59% |
| Telecom | -0.27% | -0.13% | +0.59% | +7.56% |
| Utilities | +0.88% | +0.98% | +0.40% | +9.55% |

TSX Top Performers

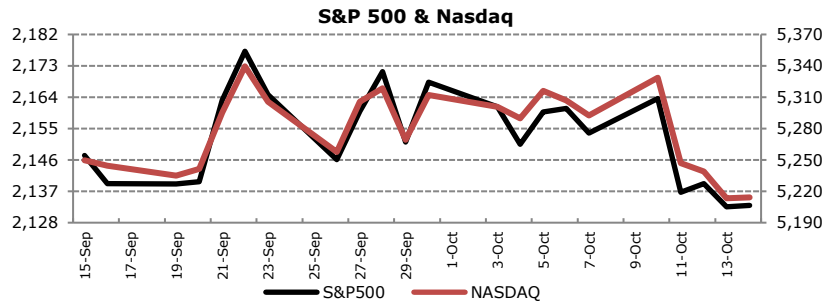
| Ranked by 1-day | 1-day | 5-day | 1-mnth | 12-mnth |
|---------------------------|--------|--------|---------|----------|
| Kinaxis Inc | +4.47% | -1.02% | +5.70% | +67.31% |
| Advantage Oil & Gas Ltd | +3.56% | +3.56% | +15.95% | +26.62% |
| Western Forest Products I | +3.55% | -4.67% | -3.77% | +9.09% |
| Teck Resources Ltd-Cls B | +3.09% | +8.68% | +15.94% | +183.45% |
| Air Canada | +3.01% | +3.67% | +44.82% | +18.85% |

TSX Worst Performers

| Ranked by 1-day | 1-day | 5-day | 1-mnth | 12-mnth |
|---------------------------|--------|---------|---------|---------|
| Concordia International C | -9.91% | -23.25% | -43.43% | -88.15% |
| Tahoe Resources Inc | -4.91% | -1.43% | -18.39% | +16.08% |
| Kinross Gold Corp | -4.44% | +2.38% | -10.73% | +63.45% |
| Semafo Inc | -4.43% | +2.27% | -15.65% | +48.95% |
| Eldorado Gold Corp | -4.18% | +0.00% | -4.18% | -12.76% |

US Indices

| Trailing | S&P 500 | DJIA | Nasdaq |
|-----------|----------|-----------|----------|
| 14-Oct | 2,132.98 | 18,138.38 | 5,214.16 |
| 1-day | +0.02% | +0.22% | +0.02% |
| 5-day | -0.96% | -0.56% | -1.48% |
| 1-month | +0.34% | +0.57% | +0.78% |
| 3-months | -1.42% | -1.99% | +3.58% |
| 6-months | +2.41% | +1.18% | +5.42% |
| 12-months | +6.96% | +7.17% | +9.02% |



S&P 500 Sector Returns

| | 1-day | 5-day | 1-mnth | 12-mnth |
|------------------|--------|--------|--------|---------|
| C. Discretionary | -0.16% | -1.14% | +0.90% | +2.68% |
| C. Staples | +0.09% | +0.04% | -0.43% | +7.39% |
| Energy | -0.41% | -1.16% | +3.76% | +2.67% |
| Financials | +0.50% | -1.02% | +0.75% | +4.50% |
| Healthcare | -0.68% | -3.27% | -2.41% | +2.98% |
| Info Tech | +0.46% | -0.59% | +1.88% | +14.48% |
| Industrials | +0.18% | -0.62% | +0.67% | +9.04% |
| Materials | +0.36% | -1.19% | -0.88% | +5.27% |
| Telecom | -0.16% | +0.66% | -2.09% | +14.77% |
| Utilities | -0.55% | +1.33% | -1.55% | +8.30% |

DJIA Top Performers

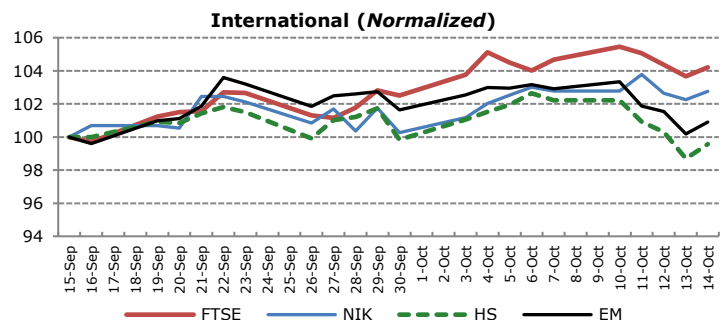
| Ranked by 1-day | 1-day | 5-day | 1-mnth | 12-mnth |
|---------------------------|--------|--------|--------|---------|
| Goldman Sachs Group Inc | +1.85% | +0.41% | +2.11% | -7.81% |
| Du Pont (E.I.) De Nemours | +1.31% | +0.99% | +2.89% | +21.75% |
| Intel Corp | +1.30% | -1.71% | +5.17% | +14.35% |

DJIA Worst Performers

| Ranked by 1-day | 1-day | 5-day | 1-mnth | 12-mnth |
|-------------------|--------|--------|--------|---------|
| Mcdonald'S Corp | -1.14% | +0.56% | -0.56% | +10.06% |
| Nike Inc -Cl B | -0.79% | -0.33% | -6.77% | -19.84% |
| Johnson & Johnson | -0.59% | -1.41% | -0.04% | +21.01% |

International Markets

| Trailing | FTSE 100 | Nikkei | Hang Seng | MSCI EM |
|------------|----------|-----------|-----------|---------|
| Last Close | 7,013.55 | 16,856.37 | 23,233.31 | 897.03 |
| 1-day | +0.51% | +0.49% | +0.88% | +0.72% |
| 5-day | -0.44% | -0.25% | -3.00% | -1.94% |
| 1-month | +5.10% | +1.46% | +0.18% | +1.34% |
| 3-months | +5.40% | +2.87% | +7.76% | +3.59% |
| 6-months | +10.19% | -0.32% | +8.88% | +6.10% |
| 12-months | +11.87% | -5.78% | +3.54% | +5.61% |



Oil & Gas

Nymex WTI Crude Oil

| (\$US/Bbl) | 14-Oct | day Δ | %Δ | 5-day | 1-mnth |
|------------|---------|---------|--------|--------|---------|
| Prompt | \$50.35 | -\$0.09 | -0.18% | +1.08% | +14.67% |
| Cal 17 | \$52.96 | -\$0.14 | -0.27% | +0.22% | +12.69% |
| Cal 18 | \$54.48 | -\$0.13 | -0.23% | -0.32% | +10.19% |

| (\$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 | \$51.72 | \$52.84 | \$53.44 | \$53.83 | \$54.48 |

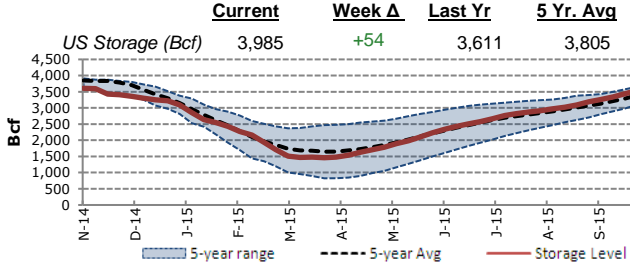
Inventory Levels (as of Oct-07)

| (MBbls) | Current | Week Δ | Last Yr | 5 Yr. Avg |
|-------------|---------|--------|---------|-----------|
| Crude Oil | 473,958 | +4,850 | 337,426 | 319,411 |
| Motor Gas | 225,498 | -2,295 | 214,389 | 200,481 |
| Distillates | 156,972 | -1,163 | 171,756 | 140,851 |

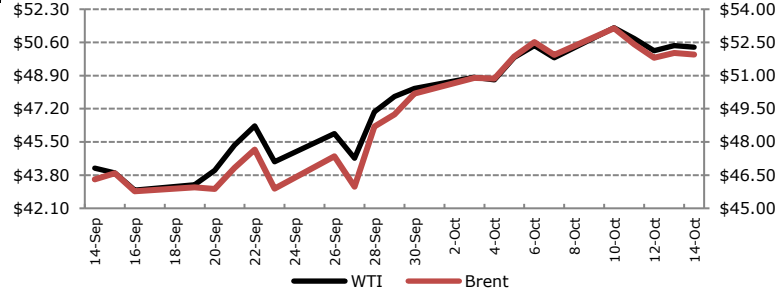
Nymex Natural Gas

| (\$US/MMbtu) | 14-Oct | day Δ | %Δ | 5-day | 1-mnth |
|--------------|--------|---------|--------|--------|---------|
| Prompt | \$3.29 | -\$0.06 | -1.68% | +2.88% | +12.23% |
| Nov16-Mar17 | \$3.53 | -\$0.03 | -0.85% | +3.19% | +12.16% |
| Apr17-Oct17 | \$3.30 | +\$0.00 | +0.10% | +3.63% | +10.14% |
| Nov17-Mar18 | \$3.48 | +\$0.01 | +0.31% | +3.14% | +8.12% |
| Apr18-Oct18 | \$2.90 | +\$0.00 | +0.05% | +2.13% | +2.90% |

Inventory Levels (as of Nov-06)



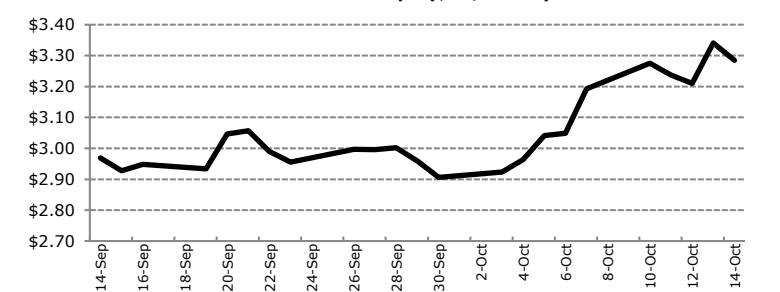
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

| (\$US/Bbl) | 14-Oct | day Δ | %Δ | 5-day | 1-mnth |
|------------|---------|---------|--------|--------|---------|
| Prompt | \$51.95 | -\$0.08 | -0.15% | +0.04% | +11.50% |

Nat Gas Prompt (\$US/MMbtu)



Alberta Natural Gas

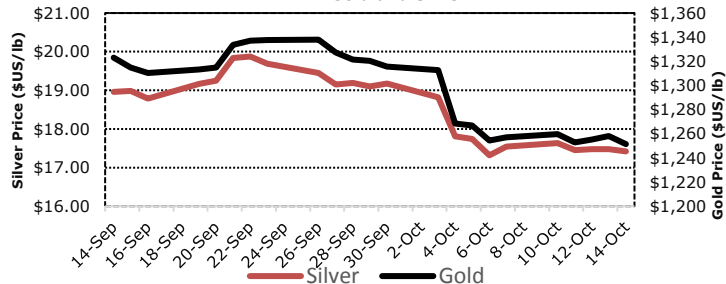
| (\$CAD/GJ) | 14-Oct | day Δ | %Δ |
|-------------|--------|---------|-------|
| AECO Nov-16 | \$2.99 | -\$0.13 | -4.2% |

Other Commodities

Precious Metals

| \$US/oz | 14-Oct | day Δ | %Δ | 5-day | 1-mnth | 3-mnth |
|----------|------------|---------|-------|-------|--------|--------|
| Gold | \$1,251.43 | -\$6.70 | -0.5% | -0.4% | -5.4% | -6.0% |
| Silver | \$17.42 | -\$0.06 | -0.3% | -0.7% | -8.1% | -12.0% |
| Platinum | \$935 | -\$2.30 | -0.2% | -3.6% | -9.8% | -15.2% |

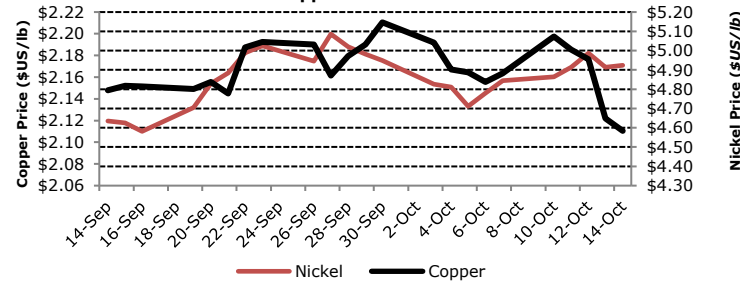
Gold and Silver



Industrial Metals

| \$US/lb | 14-Oct | day Δ | %Δ | 5-day | 1-mnth | 3-mnth |
|---------|---------|---------|-------|-------|--------|--------|
| Copper | \$2.11 | -\$0.01 | -0.5% | -2.4% | -1.7% | -6.4% |
| Nickel | \$4.92 | +\$0.01 | +0.2% | +1.6% | +6.2% | -2.6% |
| Uranium | \$21.90 | -\$0.10 | -0.5% | -3.7% | -13.8% | -13.8% |

Copper and Nickel



Agriculture & Other

| | 14-Oct | day Δ | %Δ | 5-day | 1-mnth |
|-----------------------|----------|---------|-------|-------|--------|
| Corn (\$US/bu) | \$3.54 | +\$0.05 | +1.4% | +4.3% | +7.3% |
| Wheat (\$US/bu) | \$4.21 | +\$0.05 | +1.2% | +6.6% | +5.4% |
| Soybeans (\$US/bu) | \$9.63 | +\$0.06 | +0.7% | +0.6% | +1.3% |
| Rough Rice (\$US/cwt) | \$10.16 | -\$0.07 | -0.7% | +0.6% | +3.8% |
| Sugar #11 (#US/lb) | ¢22.91 | ¢0.01 | -0.0% | -2.2% | +8.3% |
| Lean Hogs (#US/lb) | ¢42.23 | ¢1.95 | -4.4% | -0.9% | -14.6% |
| Live Cattle (#US/lb) | ¢97.45 | ¢1.28 | +1.3% | -5.4% | -8.9% |
| Cotton No.2 (\$US/lb) | \$0.71 | +\$0.01 | +1.8% | +5.4% | +4.2% |
| Lumber (\$US/Mbft) | \$323.40 | -\$4.60 | -1.4% | -5.7% | +7.4% |

Commodity ETFs

| | 14-Oct | day Δ | %Δ | 5-day | 1-mnth |
|------------------|---------|---------|-------|--------|--------|
| \$CAD | | | | | |
| HBP Crude Oil U | \$8.81 | -\$0.05 | -0.6% | -1.3% | +26.8% |
| HBP Nat Gas U | \$14.02 | -\$0.20 | -1.4% | +16.4% | +21.2% |
| iShares Gold ETF | \$11.01 | -\$0.06 | -0.5% | +0.3% | -5.3% |
| \$USD | | | | | |
| US Crude Oil | \$11.44 | -\$0.05 | -0.4% | 0.97% | +13.4% |
| US Nat Gas | \$9.43 | -\$0.13 | -1.4% | 3.29% | +10.8% |
| PSDB Agriculture | \$20.18 | +\$0.10 | +0.5% | 0.65% | +0.6% |
| PSDB Base Metals | \$13.59 | -\$0.05 | -0.4% | -1.95% | +0.8% |

Interest Rates

Canadian yield curve

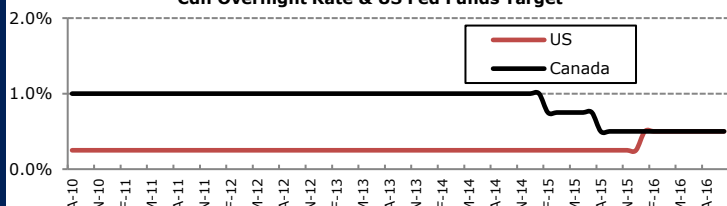
| | 14-Oct | day Δ | Historical Levels | | |
|---------|--------|--------|-------------------|----------|---------|
| | | | -1 mnth | -3 mnths | -1 year |
| 3-mnth | 0.50% | - | 0.49% | 0.47% | 0.39% |
| 6-mnth | 0.53% | - | 0.53% | 0.53% | 0.41% |
| 12-mnth | 0.59% | +0.01% | 0.57% | 0.55% | 0.49% |
| 2-year | 0.62% | +0.02% | 0.58% | 0.57% | 0.54% |
| 5-year | 0.78% | +0.04% | 0.73% | 0.65% | 0.81% |
| 10-year | 1.25% | +0.07% | 1.19% | 1.08% | 1.44% |
| 20-year | 1.83% | +0.06% | 1.81% | 1.70% | 2.21% |
| 30-year | 1.87% | +0.06% | 1.83% | 1.71% | 2.24% |

US yield curve

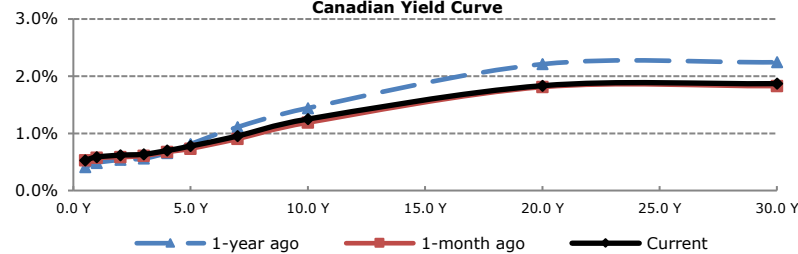
| | 14-Oct | day Δ | Historical Levels | | |
|---------|--------|--------|-------------------|----------|---------|
| | | | -1 mnth | -3 mnths | -1 year |
| 3-mnth | 0.29% | +0.01% | 0.32% | 0.30% | -0.01% |
| 6-mnth | 0.44% | +0.01% | 0.51% | 0.41% | 0.07% |
| 12-mnth | 0.66% | +0.01% | 0.61% | 0.49% | 0.21% |
| 2-year | 0.83% | +0.00% | 0.76% | 0.67% | 0.60% |
| 5-year | 1.29% | +0.03% | 1.21% | 1.10% | 1.33% |
| 10-year | 1.80% | +0.06% | 1.70% | 1.55% | 2.02% |
| 30-year | 2.56% | +0.08% | 2.45% | 2.27% | 2.86% |

| | 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% |

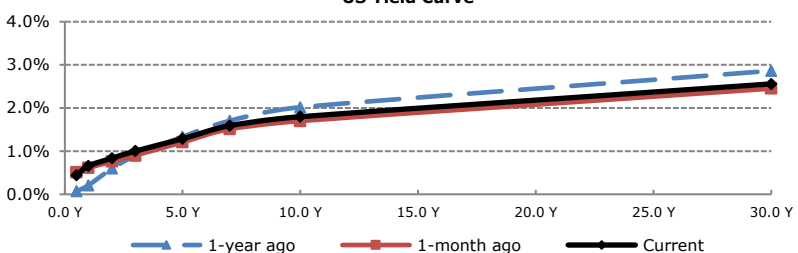
Cdn Overnight Rate & US Fed Funds Target



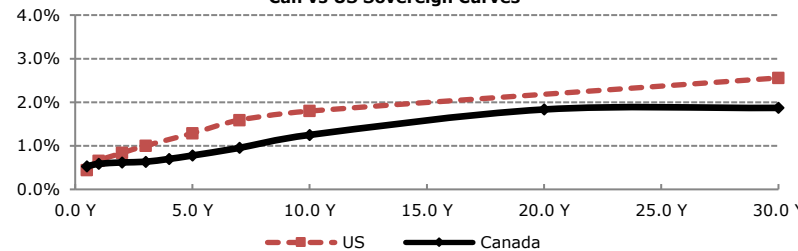
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

| | Spot | 14-Oct | day Δ | Historical Levels | | |
|--------|---------|--------|-------|-------------------|----------|---------|
| | | | | -1 mnth | -3 mnths | -1 year |
| USDCAD | \$1.314 | -0.005 | | 1.320 | 1.289 | 1.291 |
| EURUSD | \$1.097 | -0.008 | | 1.125 | 1.112 | 1.135 |
| USDJPY | ¥104.18 | +0.470 | | 102.43 | 105.35 | 119.44 |
| GBPUSD | \$1.219 | -0.006 | | 1.324 | 1.334 | 1.544 |
| AUDUSD | \$0.762 | +0.005 | | 0.747 | 0.763 | 0.726 |

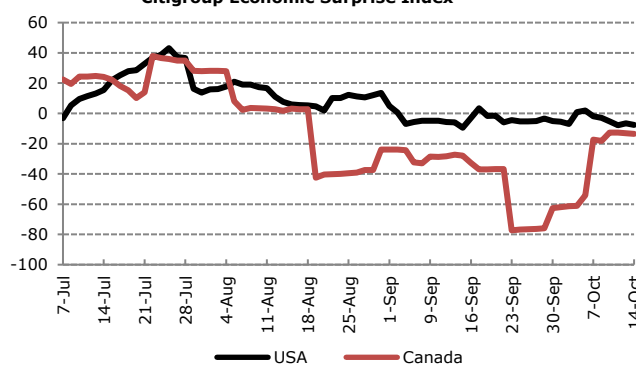
| | Spot | 14-Oct | day Δ | Historical Levels | | |
|--------|---------|--------|-------|-------------------|----------|---------|
| | | | | -1 mnth | -3 mnths | -1 year |
| CADJPY | ¥79.26 | +0.653 | | 77.63 | 81.72 | 92.49 |
| CADAUD | \$0.999 | -0.002 | | 1.015 | 1.017 | 1.066 |
| GBPCAD | £1.603 | -0.014 | | 1.746 | 1.720 | 1.994 |
| EURJPY | ¥114.31 | -0.350 | | 115.23 | 117.14 | 135.58 |
| EURAUD | \$1.44 | -0.020 | | 1.51 | 1.46 | 1.56 |

Economic Releases

| United States | | Period | Survey | Actual | Prior |
|---------------|----------------------------|--------|--------|--------|-------|
| Mon, Oct 17 | Industrial Production | 30-Sep | 0.2K | -0.4K | 0.7K |
| Tue, Oct 18 | Consumer Price Index (MoM) | 30-Sep | 0.3% | -- | 0.2% |
| Wed, Oct 19 | Housing Starts | 30-Sep | 1175K | -- | 1142K |
| Thu, Oct 20 | Leading Indicators | 30-Sep | 0.2% | -- | -0.2% |
| Thu, Oct 20 | Existing Home Sales | 30-Sep | 5.35M | -- | 5.33M |
| Thu, Oct 20 | Continuing Claims | 8-Oct | 2060K | -- | 2058K |
| Thu, Oct 20 | Initial Jobless Claims | 15-Oct | 250K | -- | 246K |

| Canada | | Period | Survey | Actual | Prior |
|-------------|---------------------------|--------|--------|--------|-------|
| Tue, Oct 18 | Manufacturing Sales (MoM) | 31-Aug | 0.2% | -- | 0.1% |
| Fri, Oct 21 | BOC CPI Core (YoY) | 30-Sep | 1.8% | -- | 1.8% |
| Fri, Oct 21 | Retail Sales (MoM) | 31-Aug | 0.3% | -- | -0.1% |
| Fri, Oct 21 | Consumer Price Index | 30-Sep | 1.4% | -- | 1.1% |

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%)

