

Commentary

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North American equity markets ended mixed yesterday as US equity markets fell and Canadian equity markets were slightly up. The S&P 500 and Dow Jones Industrial Average fell 0.30% and 0.29% to 2,126.50 and 18,086.40, respectively, on lower than expected manufacturing data. The S&P/TSX Composite moved slightly up 0.08% to 14,596.52. North American bond markets were up across the board as investors bid up the price of government bonds. The yield on the 10 yr US Treasury and 10yr Canadian Note fell 3.2bps and 2.9bps to 1.77% and 1.22%, respectively. Oil retreated yesterday as prices slumped 0.81% to \$49.94 a barrel. The Bank of Canada is scheduled to announce their interest rate policy decision at 10:00 AM EST today.

British government bonds, otherwise known as "gilts", faced their largest monthly loss since 1992 as renewed fears of a "hard Brexit" caused investors to move out of the bonds on Monday. Investors have increased concerns over Prime Minister Theresa May's commitment to retaining the UK's access to the single market that is the European Union. The 10 yr gilt yield jumped as much as 12 bps to 1.22% in morning trading, its highest level since the surprising results of the June referendum. A similar reaction in gilts occurred on Friday, following Bank of England governor Mark Carney's comments about being prepared to overshoot the inflation target. While gilts and sterling have suffered losses during the confusion surrounding Brexit, the FTSE 100 is near its all-time highs as the low pound is seen to be helping London based multinationals.

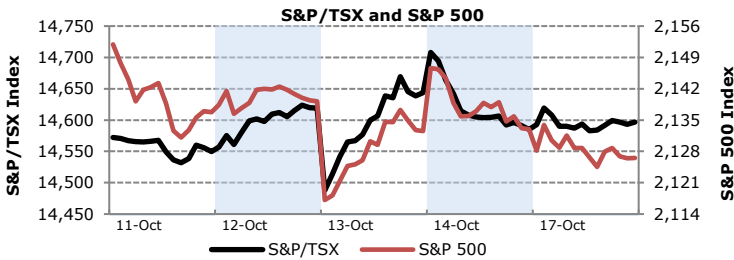
The short-term funding market has become strained in the Euro area as a result of the European Central Bank's (ECB) asset purchase program. Repurchase agreements, also known as "repos", are short-term borrowing facilities where the borrower is required to put up collateral to take out a loan. The collateral borrowers and lenders prefer are generally high quality assets, such as government bonds; and as a direct result of the ECB's massive bond buying program, the availability of these assets is dwindling. The scarcity of repo-able assets played a key role in the development of the financial crisis; and since then, the US introduced the Term Securities Lending Facility, which allows banks to swap holdings of less liquid collateral for Treasury securities.

Major Economic Releases

United States	Period	Survey	Actual	Prior	Canada	Period	Survey	Actual	Prior
CPI MoM	Sep	0.3%		0.2%	Bank of Canada Interest Rate		0.50%		0.50%

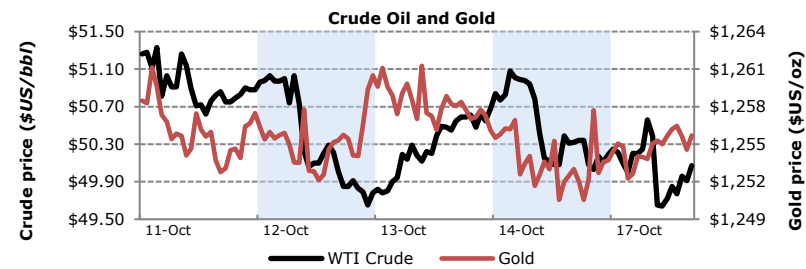
Market Movements

Equities



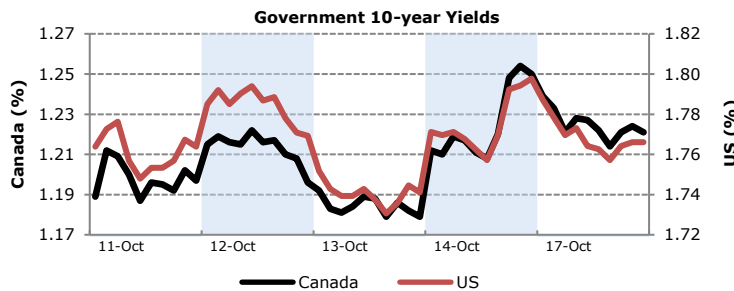
	17-Oct	day Δ	%Δ	5-day	1-mnth
S&P/TSX	14,596.52	11.53	+0.08%	+0.21%	+1.01%
S&P 500	2,126.50	-6.48	-0.30%	-1.72%	-0.59%
DJIA	18,086.40	-51.98	-0.29%	-1.32%	-0.21%

Commodities



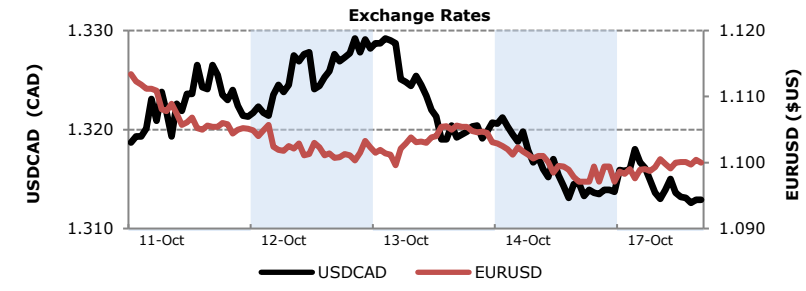
	17-Oct	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$49.94	-0.41	-0.81%	-2.75%	+16.06%
Gold (\$US/oz)	\$1,256	0.95	+0.08%	-0.15%	-4.02%

Interest Rates



	Government 10-year Yields				
	17-Oct	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.22%	-0.029%	1.19%	1.08%	1.47%
United States	1.77%	-0.032%	1.69%	1.55%	2.03%

Foreign Exchange



	(USDCAD implies \$1-USD to CAD)					
	Spot	17-Oct	day Δ	-5 days	-1 mnth	-1 year
USDCAD	\$1.313		-0.001	1.330	1.316	1.302
EURUSD	\$1.100		+0.003	1.120	1.124	1.133

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

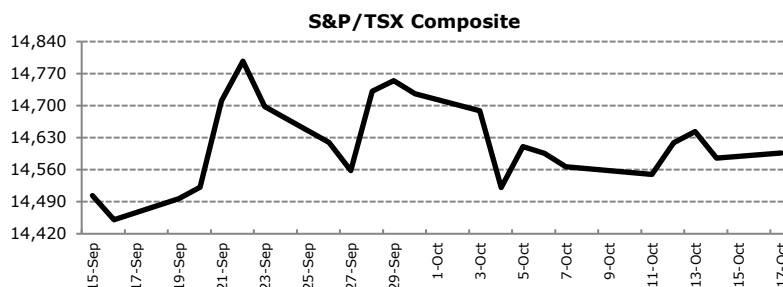


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

Canadian Indicies

TSX	17-Oct	day Δ	%Δ
	14,596.52	11.53	+0.08%
Trailing	S&P/TSX	TSX 60	
5-day	+0.21%	+0.18%	
1-month	+1.01%	+1.12%	
3-months	+0.79%	+1.04%	
6-months	+7.03%	+6.71%	
12-months	+5.48%	+4.78%	



Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.58%	-1.99%	+0.17%	-1.36%
C. Staples	-0.01%	+1.94%	+0.70%	+10.19%
Energy	-0.06%	+0.29%	+5.34%	+9.29%
Financials	+0.06%	+0.23%	+1.68%	+7.14%
Healthcare	-2.15%	-4.46%	-13.22%	-81.80%
Info Tech	-0.32%	-2.92%	+0.57%	+12.96%
Industrials	+0.04%	-0.55%	+3.03%	+12.67%
Materials	+0.85%	+0.98%	-6.59%	+25.49%
Telecom	-0.29%	+0.79%	+0.14%	+5.97%
Utilities	+0.55%	+2.23%	+0.47%	+10.04%

TSX Top Performers

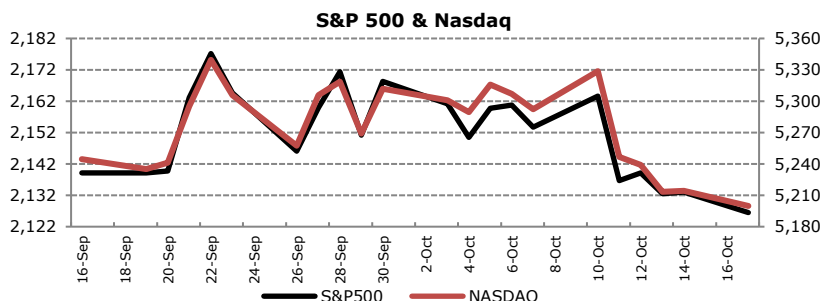
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Nevsun Resources Ltd	+5.80%	-0.26%	-7.49%	-4.25%
Tahoe Resources Inc	+4.89%	+2.70%	-13.82%	+27.05%
Teck Resources Ltd-Clis B	+3.65%	+9.98%	+6.01%	+206.47%
Mag Silver Corp	+3.48%	+0.44%	-11.18%	+75.58%
Lundin Mining Corp	+3.21%	-1.72%	+4.04%	+13.94%

TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
New Flyer Industries Inc	-5.83%	-5.99%	-10.59%	+95.91%
Bonavista Energy Corp	-5.06%	+3.93%	+13.64%	+20.32%
Baytex Energy Corp	-4.09%	-3.91%	+4.05%	-9.09%
Concordia International C	-3.73%	-23.18%	-34.83%	-88.97%
Valeant Pharmaceuticals I	-3.60%	-8.80%	-22.19%	-87.65%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
17-Oct	2,126.50	18,086.40	5,199.82
1-day	-0.30%	-0.27%	-0.27%
5-day	-1.72%	-1.32%	-2.42%
1-month	-0.59%	-0.21%	-0.85%
3-months	-1.63%	-2.32%	+3.38%
6-months	+2.20%	+1.06%	+5.30%
12-months	+4.59%	+5.06%	+6.41%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.77%	-1.99%	-0.40%	+0.02%
C. Staples	-0.42%	-0.39%	-1.34%	+4.88%
Energy	-0.44%	-3.05%	+3.06%	+0.40%
Financials	-0.41%	-1.92%	+0.59%	+1.28%
Healthcare	-0.20%	-3.85%	-3.79%	-0.41%
Info Tech	-0.27%	-1.54%	+0.23%	+12.57%
Industrials	-0.21%	-0.84%	+0.54%	+7.96%
Materials	+0.08%	-1.58%	-1.01%	+5.06%
Telecom	+0.18%	+0.42%	-2.55%	+12.98%
Utilities	+0.55%	+1.05%	-2.59%	+7.13%

DJIA Top Performers

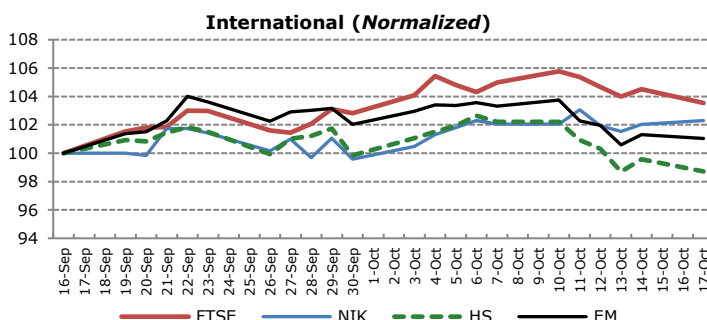
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Johnson & Johnson	+0.79%	-1.09%	+0.20%	+20.61%
Boeing Co/The	+0.37%	-1.35%	+5.76%	-2.62%
Verizon Communications In	+0.30%	+0.48%	-2.79%	+12.82%

DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Mcdonald'S Corp	-1.47%	-2.01%	-2.49%	+7.24%
Nike Inc -Cl B	-1.14%	-1.47%	-7.52%	-21.78%
Home Depot Inc	-1.01%	-1.66%	-0.77%	+1.96%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,947.55	16,900.12	23,037.54	894.71
1-day	-0.94%	+0.26%	-0.84%	-0.26%
5-day	-2.11%	+0.24%	-3.41%	-2.61%
1-month	+3.54%	+2.31%	-1.28%	+1.05%
3-months	+4.17%	+2.44%	+6.36%	+3.10%
6-months	+9.52%	+0.31%	+8.07%	+5.67%
12-months	+8.93%	-7.61%	-0.13%	+3.40%



Oil & Gas

Nymex WTI Crude Oil

(\$US/Bbl)	17-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$49.94	-\$0.41	-0.81%	-2.75%	+16.06%
Cal 17	\$52.74	-\$0.21	-0.40%	-2.35%	+9.28%
Cal 18	\$54.42	-\$0.05	-0.10%	-1.69%	+7.44%

(\$US/bbl)	Q1-17	Q2-17	Q3-17	Q4-17	2018
Consensus Forecast	\$50.00	\$52.50	\$54.00	\$57.45	\$60.00
Current Forward	\$51.40	\$52.62	\$53.26	\$53.69	\$54.42

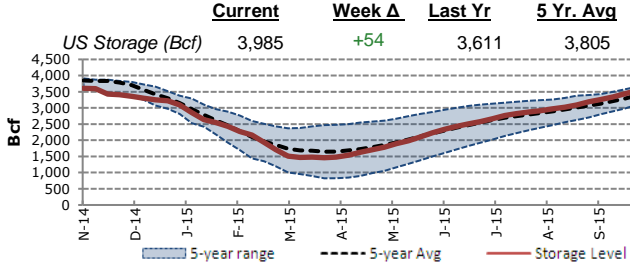
Inventory Levels (as of Oct-07)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	473,958	+4,850	337,426	319,411
Motor Gas	225,498	-1,907	214,389	200,481
Distillates	156,972	-3,746	171,756	140,851

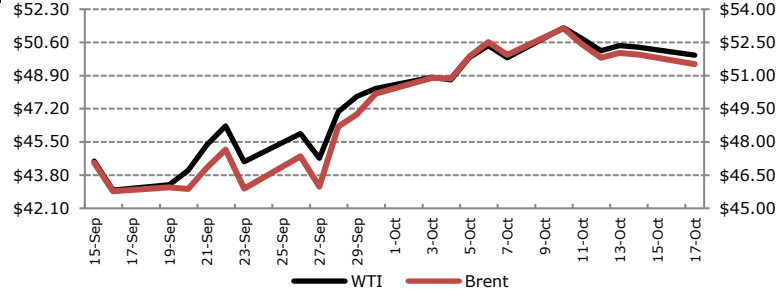
Nymex Natural Gas

(\$US/MMbtu)	17-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.24	-\$0.04	-1.25%	-0.95%	+10.04%
Nov16-Mar17	\$3.51	-\$0.02	-0.54%	+0.76%	+12.02%
Apr17-Oct17	\$3.30	+\$0.00	+0.06%	+2.55%	+10.41%
Nov17-Mar18	\$3.49	+\$0.01	+0.21%	+2.44%	+8.53%
Apr18-Oct18	\$2.91	+\$0.01	+0.35%	+3.04%	+3.58%

Inventory Levels (as of Nov-06)



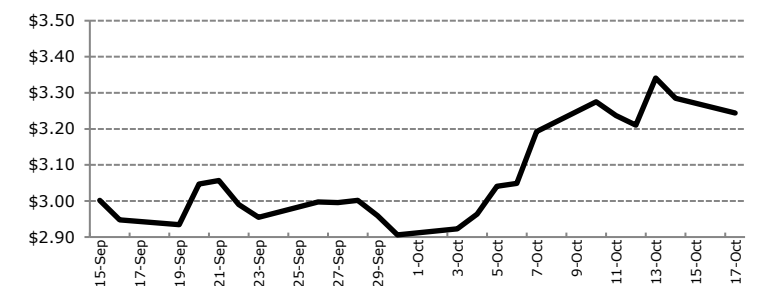
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	17-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$51.52	-\$0.43	-0.83%	-3.05%	+12.56%

Nat Gas Prompt (\$US/MMbtu)



Alberta Natural Gas

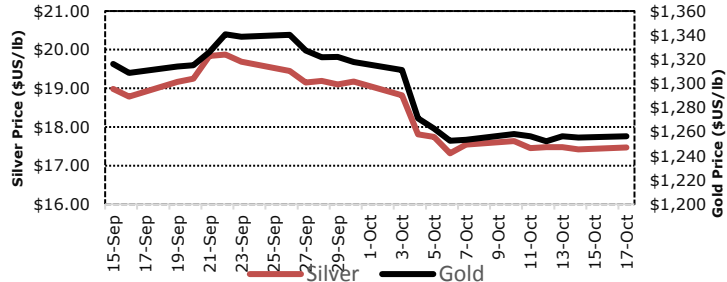
(\$CAD/GJ)	17-Oct	day Δ	%Δ
AECO Nov-16	\$2.97	-\$0.01	-0.5%

Other Commodities

Precious Metals

\$US/oz	17-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,256.21	+\$0.95	+0.1%	-0.1%	-4.0%	-5.1%
Silver	\$17.47	+\$0.05	+0.3%	-1.0%	-7.0%	-11.0%
Platinum	\$938	+\$2.65	+0.3%	-2.8%	-7.9%	-13.4%

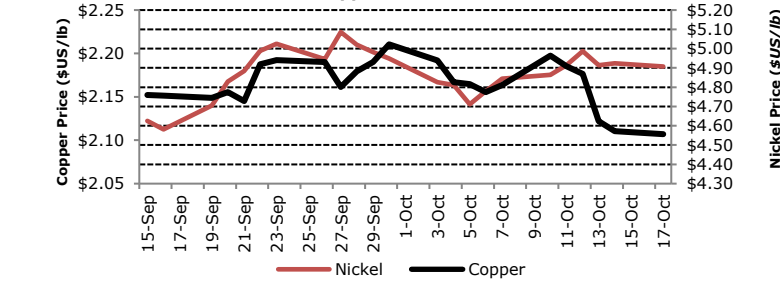
Gold and Silver



Industrial Metals

\$US/lb	17-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.11	-\$0.00	-0.2%	-4.1%	-2.1%	-5.7%
Nickel	\$4.91	-\$0.02	-0.3%	+0.9%	+7.1%	-2.8%
Uranium	\$21.65	-\$0.25	-1.1%	-4.8%	-14.3%	-14.8%

Copper and Nickel



Agriculture & Other

	17-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.54	-\$0.00	-0.1%	+3.1%	+5.0%
Wheat (\$US/bu)	\$4.24	+\$0.03	+0.7%	+5.0%	+5.1%
Soybeans (\$US/bu)	\$9.78	+\$0.16	+1.6%	+2.5%	+1.3%
Rough Rice (\$US/cwt)	\$10.41	+\$0.24	+2.4%	+1.7%	+6.0%
Sugar #11 (#US/lb)	¢23.16	¢0.25	+1.1%	+0.1%	+3.1%
Lean Hogs (#US/lb)	¢41.60	¢0.63	-1.5%	-1.8%	-16.7%
Live Cattle (#US/lb)	¢99.00	¢1.55	+1.6%	-1.0%	-8.4%
Cotton No.2 (\$US/lb)	\$0.71	+\$0.01	+0.9%	+5.7%	+5.8%
Lumber (\$US/Mbft)	\$315.00	-\$8.40	-2.6%	-8.0%	+3.7%

Commodity ETFs

	17-Oct	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$8.68	-\$0.13	-1.5%	+0.6%	+23.6%
HBP Nat Gas U	\$13.91	-\$0.11	-0.8%	+6.1%	+18.2%
iShares Gold ETF	\$11.03	+\$0.02	+0.2%	+0.0%	-4.6%
\$USD					
US Crude Oil	\$11.37	-\$0.07	-0.6%	-2.57%	+13.7%
US Nat Gas	\$9.35	-\$0.08	-0.8%	-0.11%	+7.8%
PSDB Agriculture	\$20.28	+\$0.10	+0.5%	1.40%	-0.2%
PSDB Base Metals	\$13.62	+\$0.03	+0.2%	-2.40%	+2.2%

Interest Rates

Canadian yield curve

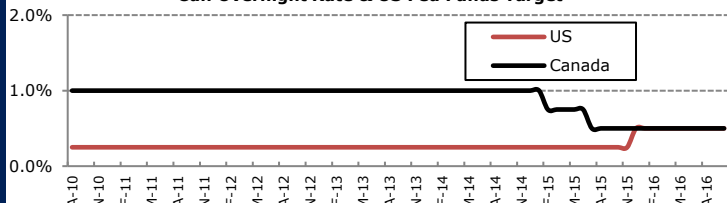
	17-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.50%	-	0.49%	0.49%	0.41%
6-mnth	0.54%	-	0.53%	0.53%	0.42%
12-mnth	0.58%	-0.01%	0.57%	0.55%	0.49%
2-year	0.60%	-0.02%	0.58%	0.57%	0.54%
5-year	0.75%	-0.03%	0.74%	0.63%	0.84%
10-year	1.22%	-0.03%	1.19%	1.08%	1.47%
20-year	1.81%	-0.02%	1.80%	1.70%	2.23%
30-year	1.85%	-0.02%	1.82%	1.71%	2.26%

US yield curve

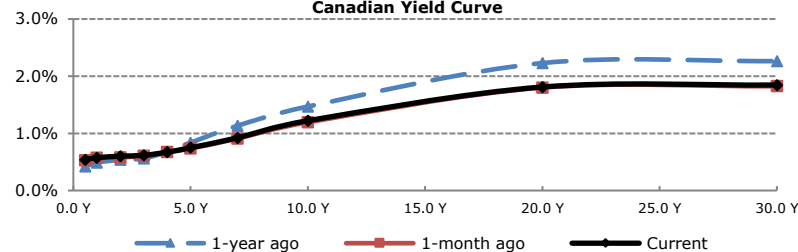
	17-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.30%	+0.01%	0.28%	0.31%	0.00%
6-mnth	0.44%	-0.01%	0.48%	0.43%	0.07%
12-mnth	0.64%	-0.02%	0.60%	0.50%	0.21%
2-year	0.81%	-0.02%	0.76%	0.69%	0.61%
5-year	1.25%	-0.03%	1.20%	1.11%	1.35%
10-year	1.77%	-0.03%	1.69%	1.55%	2.03%
30-year	2.52%	-0.04%	2.45%	2.27%	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%

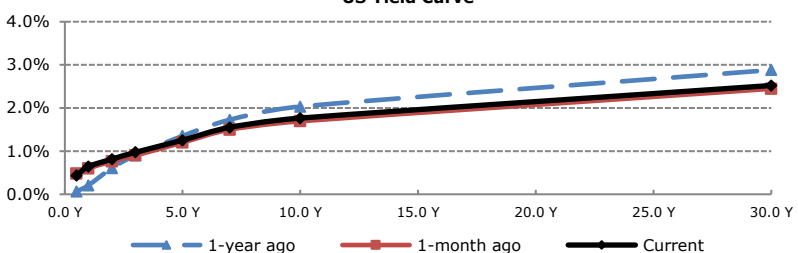
Cdn Overnight Rate & US Fed Funds Target



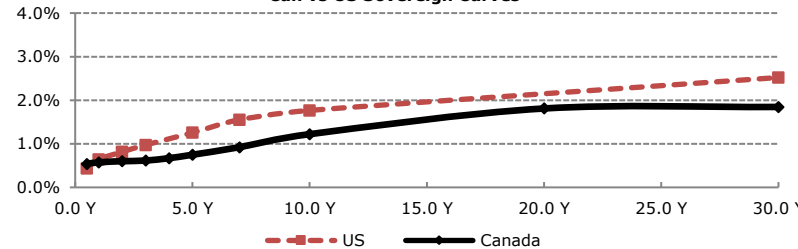
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	17-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.313	-0.001		1.316	1.297	1.302
EURUSD	\$1.100	+0.003		1.124	1.104	1.133
USDJPY	¥103.89	-0.290		102.10	104.88	119.50
GBPUSD	\$1.218	-0.001		1.324	1.319	1.547
AUDUSD	\$0.763	+0.001		0.752	0.758	0.725

	Spot	17-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥79.13	-0.133		77.59	80.83	91.79
CADAUD	\$0.999	-0.001		1.012	1.018	1.060
GBPCAD	£1.599	-0.003		1.742	1.711	2.013
EURJPY	¥114.27	-0.040		114.80	115.69	135.36
EURAUD	\$1.44	+0.001		1.50	1.46	1.56

Economic Releases

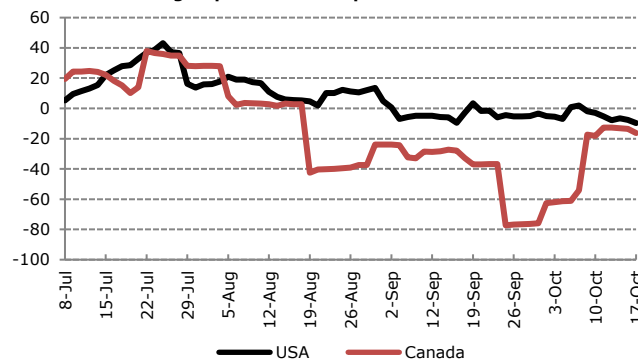
United States

		Period	Survey	Actual	Prior
Mon, Oct 17	Industrial Production	31-Oct	0.13K	0.1K	-0.4K
Tue, Oct 18	Consumer Price Index (MoM)	30-Sep	0.3%	0.2%	0%
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	2055K	--	2058K
Thu, Oct 20	Initial Jobless Claims	15-Oct	250K	--	246K

Canada

		Period	Survey	Actual	Prior
Tue, Oct 18	Manufacturing Sales (MoM)	31-Aug	0.25%	0.1%	0.8%
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%)

