

Commentary

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North American equity markets were mixed yesterday as American markets gained slightly and Canadian markets fell. The S&P 500 was up by 0.47% to close at 2,151.33, and the Dow Jones Industrial Average rose 0.47% to close at 18,223.03. However, in Canada the S&P/TSX Composite, declined 0.11% to close at 14,923.01. WTI closed lower, down 0.65% to \$50.52 per barrel. The yield on 10 year US Treasury notes rose 3 bps to 1.77%, while the yield on Canadian 10 year government bonds fell 1.3 bps to 1.15%. The Consumer Confidence Index (CCI) for the US will be released at 10 am ET. The expected outcome is 101.5, down from the actual CCI of 104.1 in September.

The pound has lost over 18% since the original Brexit referendum vote was announced in June. According to a recent survey by Survation Ltd 58% of individuals surveyed agreed with Prime Minister Theresa May's current handling of Brexit, while only 25% disagreed with her current trajectory for the divorce. The pound has held quite steady since yesterday, as markets await the Bank of England's Governor Mark Carney's announcement on the economic consequences of the Brexit vote. In early September, Carney discussed the central bank's rate drop to 0.25% in order to cushion the economy and stated that he was "absolutely serene" about the bank's decisions surrounding Brexit thus far. Despite fairly positive economic indicators since the vote, the pound has remained volatile and depreciated significantly due to continued disruptive political rhetoric in Britain.

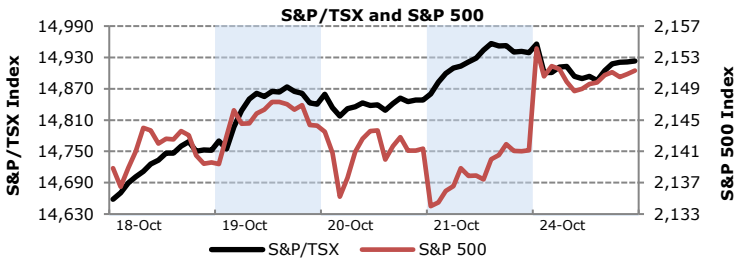
The US Federal Reserve is expected to raise interest rates higher if the new president pursues a easier fiscal policy. Both Hillary Clinton and Donald Trump have stated that they would increase government spending on infrastructure if elected president. Clinton introduced a bevy of other expenditure programs while Trump proposed a plan of tax cut. According to the Fed's model of economy, the increased government expenditure on the order of 1% of GDP is expected to lift equilibrium interest rate by around 50 bps. On the other hand, a tax cut of that magnitude would drive the neutral interest rate by 40 bps. In both cases, an increased in the equilibrium would allow the Fed to raise its target range while maintain the same level of support to the US economy.

Major Economic Releases

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

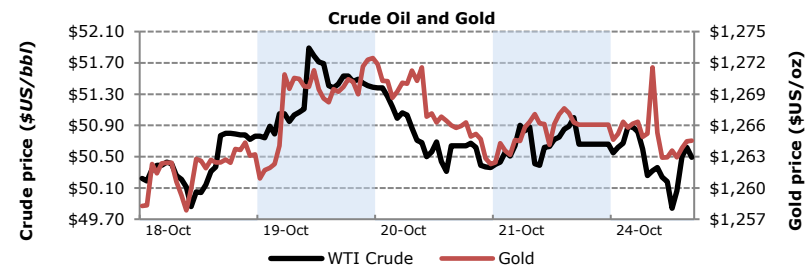
Market Movements

Equities



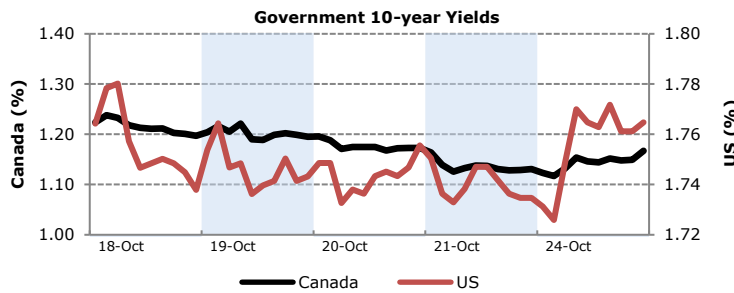
	24-Oct	day Δ	%Δ	5-day	1-mnth
S&P/TSX	14,923.01	-16.03	-0.11%	+2.24%	+1.53%
S&P 500	2,151.33	10.17	+0.47%	+1.17%	-0.62%
DJIA	18,223.03	77.32	+0.43%	+0.76%	-0.21%

Commodities



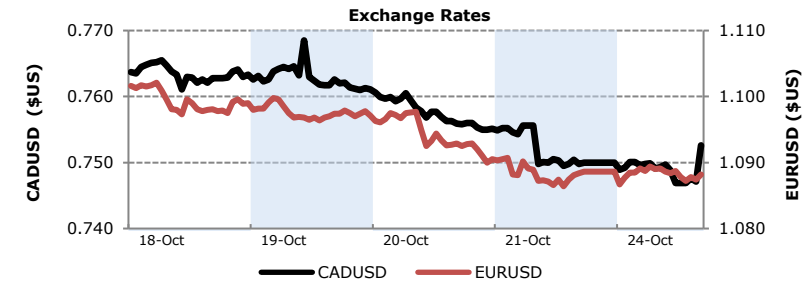
	24-Oct	day Δ	%Δ	5-day	1-mnth
Oil (\$US/bbl)	\$50.52	-0.33	-0.65%	+1.16%	+9.07%
Gold (\$US/oz)	\$1,265	-1.76	-0.14%	+0.69%	-5.47%

Interest Rates



	Government 10-year Yields				
	24-Oct	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.17%	0.036%	1.04%	1.12%	1.51%
United States	1.76%	0.030%	1.62%	1.56%	2.09%

Foreign Exchange



	Historical levels				
	24-Oct	day Δ	-5 days	-1 mnth	-1 year
USDCAD	\$1.329	-0.005	1.313	1.304	1.308
EURUSD	\$1.088	-0.000	1.100	1.121	1.101

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

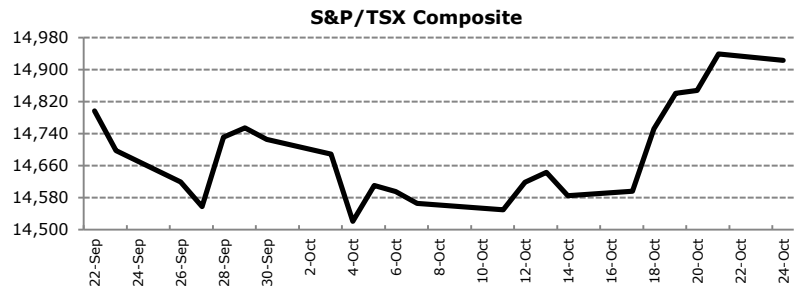


The purpose of the Rotman Finance Association is to bridge the gap between classroom financial theory and finance-based careers by offering students industry speaker sessions, alumni networking seminars and competitions. For more information please see the website below.

<http://www.rotmanfinanceassociation.com>

Canadian Indicies

TSX	24-Oct	day Δ	%Δ
	14,923.01	-16.03	-0.11%
Trailing	S&P/TSX	TSX 60	
5-day	+2.24%	+2.37%	
1-month	+1.53%	+1.95%	
3-months	+2.21%	+2.64%	
6-months	+7.56%	+7.45%	
12-months	+6.95%	+6.44%	



Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.09%	+0.62%	-1.70%	-3.97%
C. Staples	+0.49%	+0.98%	-0.01%	+7.96%
Energy	-0.65%	+2.59%	+7.42%	+13.96%
Financials	+0.16%	+1.92%	+1.97%	+5.91%
Healthcare	-1.26%	+1.90%	-13.28%	-73.24%
Info Tech	+0.91%	+2.91%	+0.10%	+12.59%
Industrials	+0.21%	+0.55%	+2.71%	+8.47%
Materials	-0.87%	+5.67%	-4.51%	+28.64%
Telecom	+0.29%	+1.10%	-0.10%	+2.42%
Utilities	+0.51%	+1.69%	-0.09%	+9.38%

TSX Top Performers

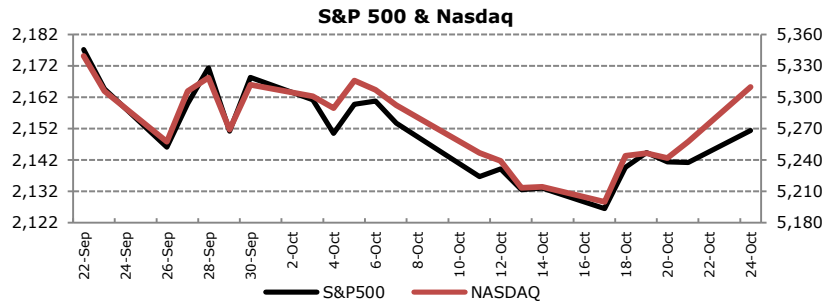
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Mitel Networks Corp	+3.05%	+2.13%	-5.79%	-14.77%
Ensign Energy Services In	+2.99%	+6.42%	+17.92%	+1.13%
Agrium Inc	+2.53%	+7.57%	+2.74%	-1.90%
Potash Corp Of Saskatchewan	+2.19%	+7.81%	+6.52%	-22.41%
Intertain Group Ltd/The	+2.15%	-7.77%	-20.97%	-24.00%

TSX Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Concordia International C	-5.35%	+21.98%	-19.26%	-87.05%
Restaurant Brands Intern	-4.49%	+3.80%	-1.48%	+21.62%
Payto Exploration & Dev C	-4.37%	-4.80%	-2.38%	+20.70%
Prometic Life Sciences In	-4.35%	-1.28%	+3.36%	+73.03%
Norbord Inc	-4.32%	-1.97%	+5.25%	+31.29%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
24-Oct	2,151.33	18,223.03	5,309.83
1-day	+0.47%	+0.43%	+1.00%
5-day	+1.17%	+0.76%	+2.12%
1-month	-0.62%	-0.21%	+0.08%
3-months	-1.09%	-1.87%	+4.11%
6-months	+2.86%	+1.22%	+8.23%
12-months	+3.67%	+3.27%	+5.52%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	+0.72%	+2.44%	+0.57%	+0.80%
C. Staples	+0.72%	+0.70%	-1.68%	+3.45%
Energy	-0.16%	+0.78%	+3.77%	+2.21%
Financials	+0.39%	+1.99%	+1.75%	+0.77%
Healthcare	-0.14%	+0.20%	-4.92%	+0.48%
Info Tech	+1.22%	+2.24%	+2.05%	+10.02%
Industrials	+0.26%	+0.08%	-1.18%	+4.06%
Materials	+0.25%	+1.75%	-0.44%	+4.76%
Telecom	-0.79%	-4.73%	-8.91%	+5.96%
Utilities	+0.39%	+0.40%	-5.39%	+8.07%

DJIA Top Performers

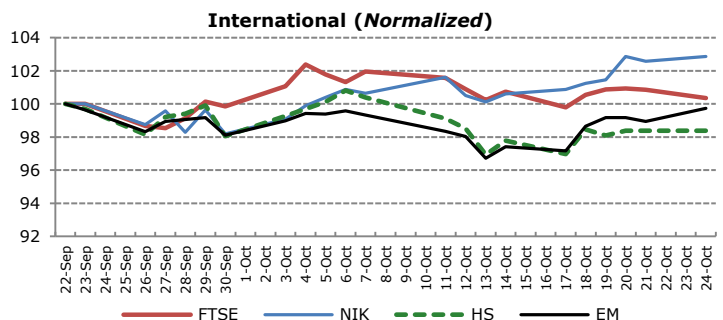
Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Microsoft Corp	+2.25%	+6.61%	+6.22%	+15.38%
Boeing Co/The	+1.34%	+2.57%	+4.30%	-6.31%
Wal-Mart Stores Inc	+1.24%	+1.42%	-4.37%	+18.68%

DJIA Worst Performers

Ranked by 1-day	1-day	5-day	1-mnth	12-mnth
Merck & Co. Inc.	-0.74%	-1.25%	-3.51%	+14.88%
Chevron Corp	-0.63%	-0.69%	+1.45%	+10.32%
Unitedhealth Group Inc	-0.47%	+7.87%	+2.97%	+24.82%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	6,986.40	17,234.42	23,604.08	918.40
1-day	-0.49%	+0.29%		+0.79%
5-day	+0.56%	+1.98%	+2.46%	+2.65%
1-month	+1.11%	+2.87%	-0.35%	+0.10%
3-months	+3.80%	+3.65%	+7.47%	+5.65%
6-months	+10.71%	-1.92%	+9.95%	+8.66%
12-months	+8.42%	-8.45%	+1.95%	+5.74%



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Oil & Gas

Nymex WTI Crude Oil

(\$US/Bbl)	24-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$50.52	-\$0.33	-0.65%	+1.16%	+9.07%
Cal 17	\$53.39	-\$0.07	-0.13%	+1.23%	+7.25%
Cal 18	\$55.38	+\$0.11	+0.20%	+1.76%	+6.48%

(\$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	\$51.76	\$53.24	\$54.04	\$54.53	\$55.38

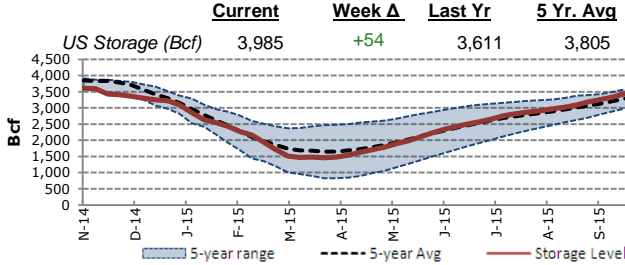
Inventory Levels (as of Oct-14)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	468,711	-5,247	337,426	319,411
Motor Gas	227,967	+174	214,389	200,481
Distillates	155,732	-2,403	171,756	140,851

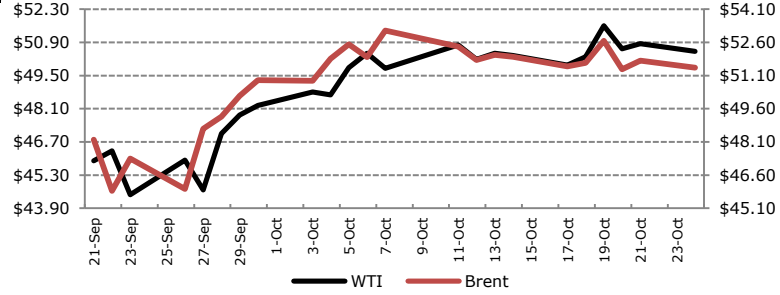
Nymex Natural Gas

(\$US/MMbtu)	24-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$2.83	-\$0.16	-5.41%	-12.73%	-5.32%
Nov16-Mar17	\$3.31	-\$0.06	-1.85%	-5.72%	+5.28%
Apr17-Oct17	\$3.27	-\$0.01	-0.30%	-1.15%	+8.56%
Nov17-Mar18	\$3.46	-\$0.00	-0.10%	-0.81%	+7.17%
Apr18-Oct18	\$2.92	+\$0.00	+0.05%	+0.22%	+3.48%

Inventory Levels (as of Nov-06)



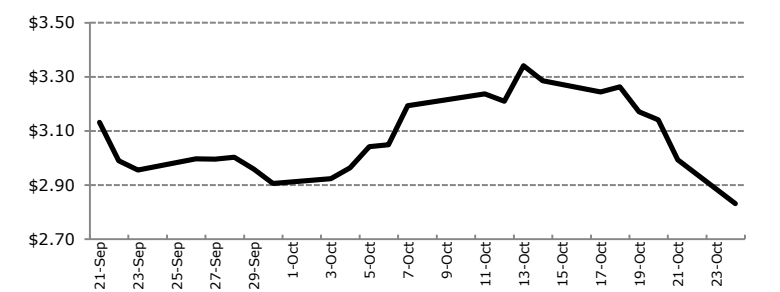
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	24-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$51.46	-\$0.32	-0.62%	-0.12%	+12.14%

Nat Gas Prompt (\$US/MMbtu)



Alberta Natural Gas

(\$CAD/GJ)	24-Oct	day Δ	%Δ
AECO Nov-16	\$2.69	-\$0.06	-2.2%

Other Commodities

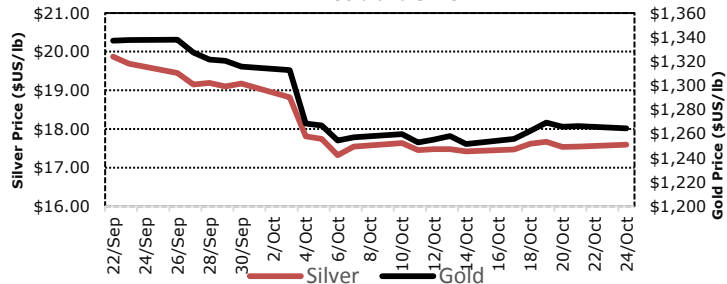
Precious Metals

\$US/oz	24-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,264.52	-\$1.76	-0.1%	+0.7%	-5.5%	-6.4%
Silver	\$17.59	+\$0.05	+0.3%	+0.7%	-10.6%	-13.5%
Platinum	\$941	+\$7.57	+0.8%	+0.3%	-10.8%	-18.1%

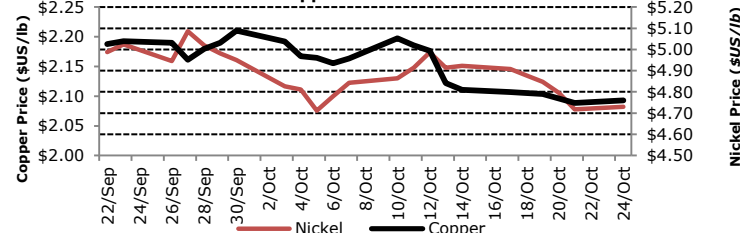
Industrial Metals

\$US/lb	24-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$2.09	+\$0.00	+0.2%	-0.7%	-4.5%	-5.8%
Nickel	\$4.73	+\$0.01	+0.2%	-3.6%	-5.9%	-4.5%
Uranium	\$20.00	+\$0.00	0.0%	-7.6%	-18.0%	-23.1%

Gold and Silver



Copper and Nickel



Commodity ETFs

	24-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$3.48	-\$0.04	-1.2%	-1.6%	+3.5%
Wheat (\$US/bu)	\$4.03	-\$0.12	-2.9%	-5.0%	-0.6%
Soybeans (\$US/bu)	\$10.02	+\$0.10	+1.0%	+1.6%	+4.3%
Rough Rice (\$US/cwt)	\$10.11	-\$0.45	-4.2%	-5.0%	+2.1%
Sugar #11 (#US/lb)	¢23.20	¢0.49	+2.2%	+0.2%	+2.2%
Lean Hogs (#US/lb)	¢43.20	¢1.35	+3.2%	+3.8%	-11.7%
Live Cattle (#US/lb)	¢104.25	¢2.38	+2.3%	+5.3%	-2.4%
Cotton No.2 (\$US/lb)	\$0.69	-\$0.00	-0.4%	-3.4%	-1.9%
Lumber (\$US/Mbft)	\$319.60	-\$0.60	-0.2%	-2.1%	-4.4%

\$CAD	24-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$8.75	-\$0.11	-1.2%	+0.8%	+16.5%
HBP Nat Gas U	\$12.63	-\$0.19	-1.5%	-9.2%	+3.4%
iShares Gold ETF	\$11.12	-\$0.01	-0.1%	+0.8%	-5.5%

\$USD	24-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$11.43	-\$0.05	-0.4%	0.53%	+8.5%
US Nat Gas	\$8.91	-\$0.08	-0.9%	-4.71%	+1.8%
PSDB Agriculture	\$20.45	+\$0.17	+0.8%	0.84%	-0.5%
PSDB Base Metals	\$13.62	+\$0.17	+1.3%	0.04%	-0.3%

Interest Rates

Canadian yield curve

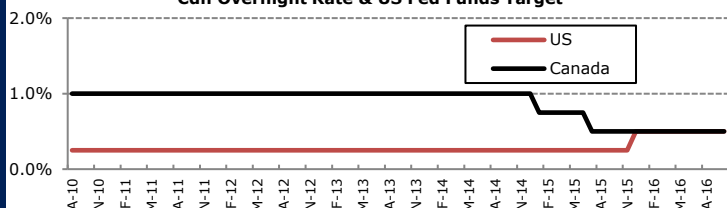
	24-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.48%	-0.01%	0.53%	0.51%	0.40%
6-mnth	0.51%	-0.01%	0.53%	0.56%	0.44%
12-mnth	0.53%	+0.01%	0.54%	0.58%	0.50%
2-year	0.56%	+0.04%	0.52%	0.60%	0.54%
5-year	0.69%	+0.04%	0.63%	0.68%	0.85%
10-year	1.17%	+0.04%	1.04%	1.12%	1.51%
20-year	1.78%	+0.04%	1.67%	1.71%	2.27%
30-year	1.83%	+0.03%	1.70%	1.73%	2.30%

US yield curve

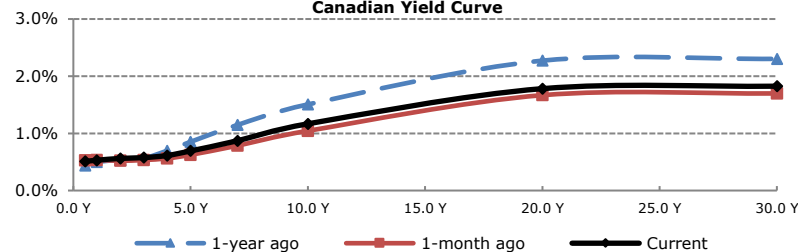
	24-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.32%	-0.01%	0.17%	0.30%	0.00%
6-mnth	0.46%	+0.01%	0.39%	0.41%	0.12%
12-mnth	0.65%	+0.01%	0.58%	0.54%	0.23%
2-year	0.84%	+0.02%	0.75%	0.75%	0.64%
5-year	1.27%	+0.03%	1.16%	1.13%	1.42%
10-year	1.76%	+0.03%	1.62%	1.56%	2.09%
30-year	2.52%	+0.03%	2.35%	2.28%	2.90%

	Current	Prior	Next Meeting	Survey
Cdn Overnight	0.50%	0.50%	7-Dec-16	0.50%
US Fed Funds	0.50%	0.50%	2-Nov-16	0.50%

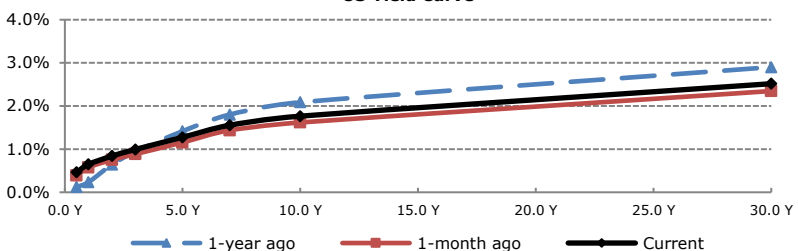
Cdn Overnight Rate & US Fed Funds Target



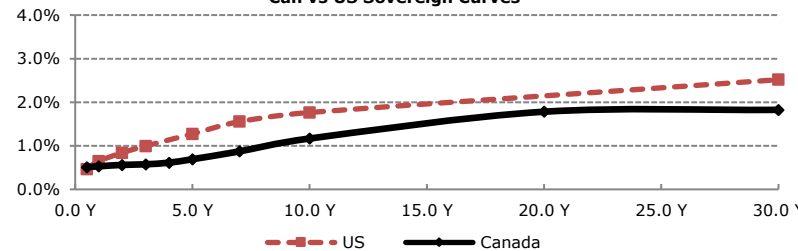
Canadian Yield Curve



US Yield Curve



Can vs US Sovereign Curves



Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	24-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$1.329	-0.005		1.304	1.322	1.308
EURUSD	\$1.088	-0.000		1.121	1.100	1.101
USDJPY	¥104.18	+0.380		100.76	105.81	120.62
GBPUSD	\$1.224	+0.000		1.308	1.314	1.543
AUDUSD	\$0.761	+0.000		0.764	0.747	0.714

	Spot	24-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥78.41	+0.586		77.26	80.06	92.21
CADAUD	\$0.989	+0.003		1.003	1.013	1.071
GBPCAD	£1.626	-0.005		1.706	1.737	2.017
EURJPY	¥113.37	+0.420		112.93	116.34	132.75
EURAUD	\$1.43	-0.000		1.47	1.47	1.54

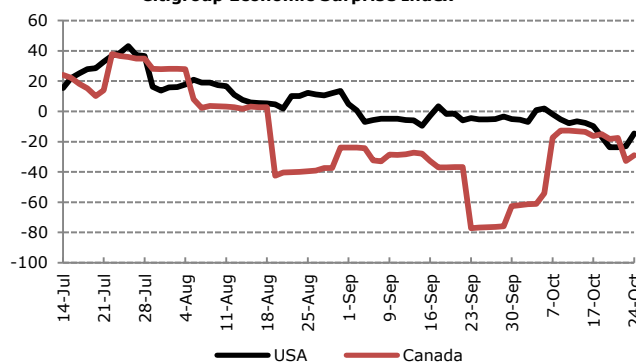
Economic Releases

United States	Period	Survey	Actual	Prior
Tue, Oct 25	Consumer Confidence	31-Oct	101.5	101.1
Wed, Oct 26	New Home Sales	30-Sep	600K	--
Thu, Oct 27	Durable Goods Orders	30-Sep	--	0.1%
Thu, Oct 27	Continuing Claims	15-Oct	2052K	--
Thu, Oct 27	Initial Jobless Claims	22-Oct	255K	--
Fri, Oct 28	GDP QoQ (Annualized)	30-Sep	2.5%	--

Canada

Period	Survey	Actual	Prior

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%)

