

Today's Commentary

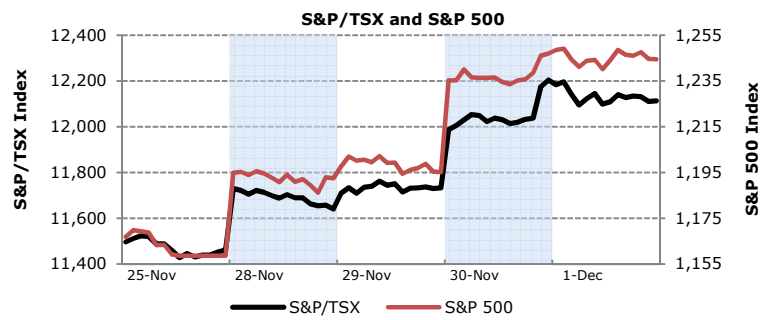
It was a slow day for equity markets yesterday as investors reacted to lower than expected economic figures out of the US. With the US initial jobless claims coming in 12K above expectations, markets were hesitant to react in a big way – either positively or negatively – before today's scheduled release of the US unemployment rate. This translated into losses of less than 0.25% on the day for both the Dow and the S&P 500. Demand for US treasuries fell yesterday driving 10-yields up to 2.14%. This led to an increase in the Canadian dollar, as it ended the day relatively stronger at \$0.9863 per USD. The TSX fared slightly worse on Thursday falling just under 91 points reacting to the start of Q3 earnings releases for Canada's major banks. TD and CIBC reported big gains from the last quarter, however, investors are not convinced these revenues will continue in the future and the market reacted accordingly with both share prices falling immediately.

Profits for the big Canadian banks' have increased drastically last quarter despite poor market conditions, beating out analyst expectations across the board. TD and CIBC rolled out their fourth quarter earnings yesterday: TD earned \$1.57-billion (\$994-million in the previous quarter) while CIBC earned \$794-million (\$500-million previously). Despite these strong earnings, TD and CIBC share prices dropped following their release. This was likely due to pessimism about future earnings stemming from bleak economic forecasts. Eurozone economic turmoil is expected to dampen trading revenues in the future. This morning RBC announced that its profit increased by 43% last quarter while Scotia earnings rose by 11%. It will be interesting to see how their stocks react.

This week's flood of economic releases continued this morning. This was led by big news out of the US, with their unemployment rate dropping to 8.6%, much better than the expected 9%. This new rate is a two-year low for the struggling nation, which managed to add 120,000 new jobs in November. European markets reacted positively to the news, with yields falling on both Spain's and Italy's 10-year bonds. North American equity markets opened higher this morning in reaction to the news. The Canadian unemployment rate came in worse than expected at 7.4%, a small increase from 7.3% last quarter. The streak is now up to five months in a row in which Canada has failed to create jobs in the aggregate. Quebec realized the largest job loss of the ten provinces, shedding 31,000 jobs last month.

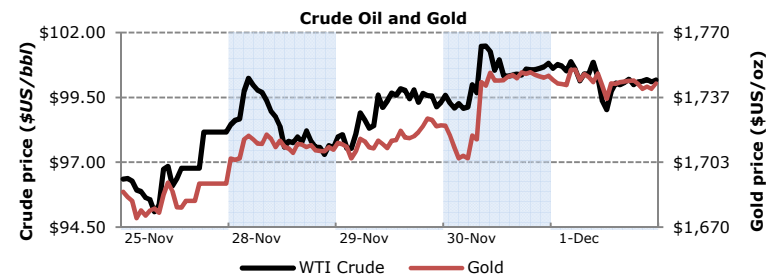
The Daily Roll is written by MFE Candidates Chris Dewey, Calum Macbeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Equities



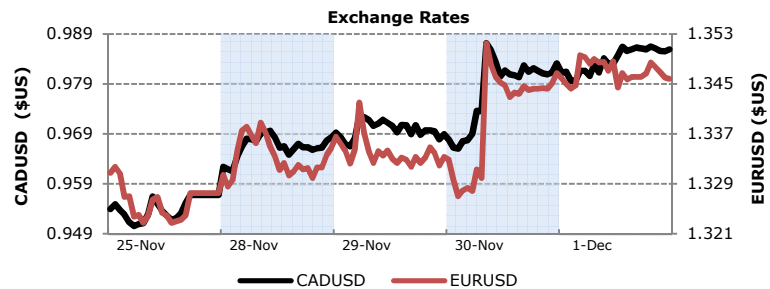
	1-Dec	day Δ	%Δ	5-day	1-mnth
S&P/TSX	12,113.29	-90.82	-0.74%	+5.47%	-0.01%
S&P 500	1,244.58	-2.38	-0.19%	+7.13%	+2.16%
DJIA	12,020.03	-25.65	-0.21%	+6.77%	+3.11%

Commodities



	1-Dec	day Δ	%Δ	5-day	1-mnth
Oil (\$US/Bbl)	\$100.20	-0.16	-0.16%	+4.19%	+8.69%
Nat Gas (\$US/Bcf)	\$3.65	0.098	+2.76%	+5.43%	-3.52%
Gold (\$US/oz)	\$1,745	-1.56	-0.09%	+3.11%	+1.45%
Copper (\$US/lb)	\$3.52	-0.041	-1.15%	+7.46%	+0.67%

Foreign Exchange



(USDCAD implies \$1-USD to CAD)

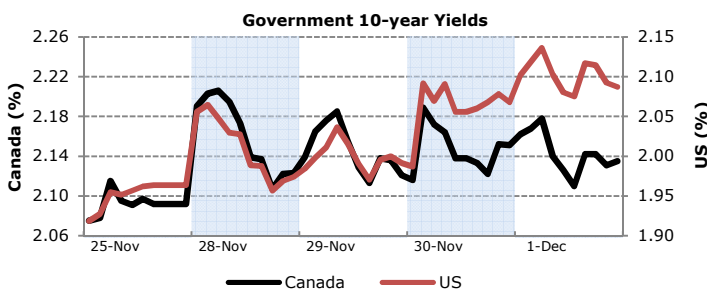
Spot	1-Dec	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.014	-0.004	1.047	1.014	1.017
EURUSD	\$1.346	+0.002	1.335	1.375	1.314
USDJPY	¥77.70	+0.080	77.120	78.05	84.19
AUDUSD	\$1.024	-0.004	0.974	1.035	0.968

Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Nonfarm Payroll	30-Nov	125K	120K	80K
Unemployment Rate	30-Nov	9%	8.6%	9%

Canada	Period	Survey	Actual	Prior
Net Change in Employment	31-Dec	20K	-18.6K	-54K
Unemployment	31-Dec	7.3%	7.4%	7.3%

Interest Rates



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.rotman.utoronto.ca/financeassociation>

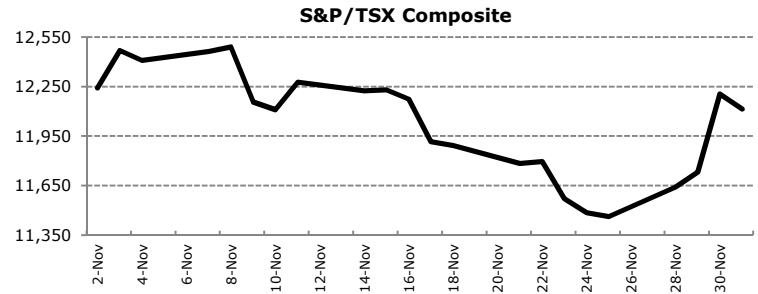
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	<u>1-Dec</u>	<u>day Δ</u>	<u>%Δ</u>
S&P/TSX	12,113.29	-90.82	-0.74%

	<u>Trailing S&P/TSX</u>	<u>TSX 60</u>
5-day	+5.47%	+5.64%
1-month	-0.01%	+0.08%
3-months	-4.63%	-5.03%
6-months	-10.46%	-10.63%
12-months	-7.87%	-8.52%



TSX Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
C. Discretionary	-2.10%	+0.92%	-1.68%	-17.34%
C. Staples	+1.32%	+3.89%	+0.45%	+6.94%
Energy	-0.76%	+7.77%	+1.42%	-10.72%
Financials	-1.15%	+4.42%	-2.71%	-10.75%
Healthcare	-0.44%	+3.33%	+14.48%	+19.87%
Info Tech	+0.92%	+3.88%	-3.03%	-13.84%
Industrials	+0.04%	+4.08%	-1.59%	-2.93%
Materials	-0.83%	+7.70%	+0.44%	-9.65%
Metals & Mining	-0.81%	+14.47%	+0.51%	-18.31%
Telecom	+0.22%	+2.34%	+1.51%	+9.95%
Utilities	-0.61%	+3.02%	-0.26%	+2.26%

TSX Top Performers

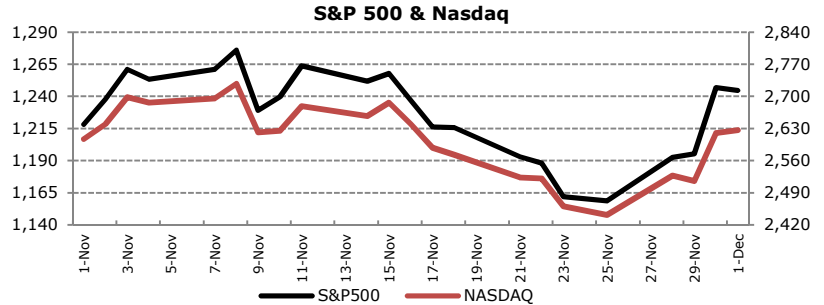
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
Yellow Media Inc		+23.08%	+9.09%	-34.25%	-95.47%
Legacy Oil + Gas Inc		+7.42%	+16.98%	+9.20%	-26.16%
Shawcor Ltd-Class A		+6.09%	+7.88%	+12.88%	-12.29%
Linamar Corp		+5.90%	+2.65%	-8.80%	-25.19%
Bombardier Inc-B		+5.29%	+5.29%	-3.40%	-14.99%

TSX Worst Performers

	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
Gildan Activewear Inc		-32.54%	-30.79%	-35.69%	-47.01%
Southgobi Resources Ltd		-6.80%	+14.55%	-11.06%	-38.84%
Romarco Minerals Inc		-5.15%	+1.10%	-6.12%	-64.48%
Novagold Resources Inc		-5.07%	+9.56%	+22.73%	-24.53%
Nexen Inc		-4.83%	+4.12%	-4.49%	-24.57%

US Indices

	<u>S&P 500</u>	<u>DJIA</u>	<u>Nasdaq</u>
Trailing			
1-Dec	1,244.58	12,020.03	2,626.20
1-day	-0.19%	-0.21%	+0.22%
5-day	+7.13%	+6.77%	+6.75%
1-month	+2.16%	+3.11%	+0.74%
3-months	+3.33%	+4.58%	+3.15%
6-months	-5.32%	-2.20%	-5.16%
12-months	+3.19%	+6.79%	+3.01%



S&P 500 Sector Returns

	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
C. Discretionary	+0.02%	+6.12%	+1.43%	+5.33%
C. Staples	-0.30%	+4.86%	+3.90%	+9.92%
Energy	-0.69%	+9.25%	+4.19%	+9.19%
Financials	-0.95%	+8.50%	-1.27%	-13.81%
Healthcare	+0.08%	+6.60%	+2.85%	+9.90%
Info Tech	+0.58%	+6.84%	+1.59%	+5.85%
Industrials	-0.23%	+8.08%	+3.57%	+0.61%
Materials	-0.61%	+8.83%	+1.91%	-3.59%
Telecom	-0.40%	+5.53%	+2.04%	+2.68%
Utilities	-0.23%	+5.51%	+2.24%	+13.01%

DJIA Top Performers

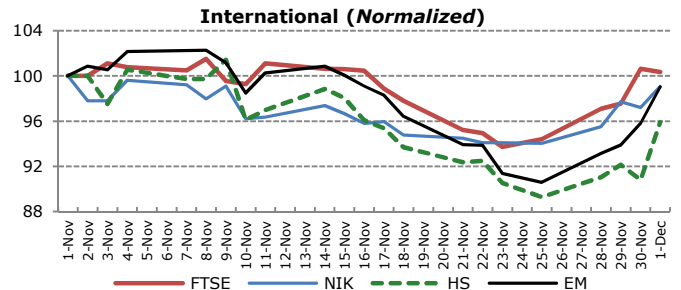
	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
Boeing Co/The		+3.33%	+13.82%	+8.58%	+10.65%
Bank Of America Corp		+1.65%	+7.80%	-18.87%	-50.78%
Kraft Foods Inc-Class A		+0.97%	+6.63%	+3.75%	+23.43%

DJIA Worst Performers

	<u>Ranked by 1-day</u>	<u>1-day</u>	<u>5-day</u>	<u>1-mnth</u>	<u>12-mnth</u>
Travelers Cos Inc/The		-2.15%	+4.32%	-5.67%	+3.11%
Alcoa Inc		-2.10%	+10.47%	-8.57%	-27.09%
Jpmorgan Chase & Co		-1.65%	+7.33%	-12.37%	-18.43%

International Markets

	<u>FTSE 100</u>	<u>Nikkei</u>	<u>Hang Seng</u>	<u>MSCI EM</u>
Trailing				
Last Close	5,489.34	8,597.38	19,002.26	959.12
1-day	-0.29%	+1.93%	+5.63%	+3.32%
5-day	+7.06%	+5.29%	+5.95%	+8.34%
1-month	+1.25%	-2.70%	-1.90%	-0.99%
3-months	+1.30%	-5.11%	-7.69%	-7.60%
6-months	-7.41%	-11.55%	-19.57%	-17.79%
12-months	-2.71%	-13.92%	-18.27%	-12.61%



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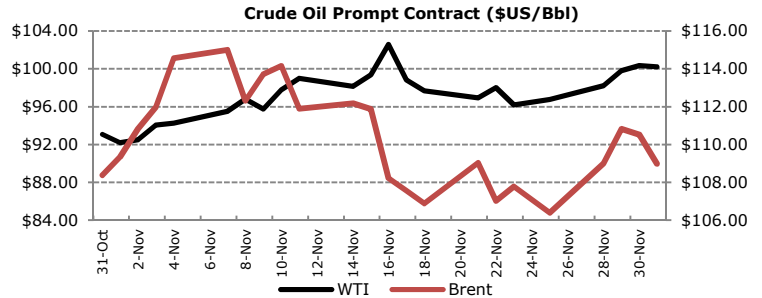
Nymex WTI Crude Oil

(\$US/Bbl)	1-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$100.20	-\$0.16	-0.16%	+4.19%	+8.69%
Cal 12	\$99.81	+\$0.12	+0.12%	+3.55%	+14.70%
Cal 13	\$96.10	+\$0.81	+0.85%	+2.31%	+9.43%

(\$US/bbl)	Q2-12	Q3-12	Q4-12	Q1-13	2013
Consensus Forecast	\$97.00	\$100.00	\$101.50	\$106.50	\$109.00
Current Forward	\$100.38	\$99.68	\$98.84	\$97.76	\$96.10

Inventory Levels (as of Nov-25)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	334,747	+3,932	337,426	319,411
Motor Gas	209,847	+213	214,389	200,481
Distillates	138,489	+5,526	171,756	140,851



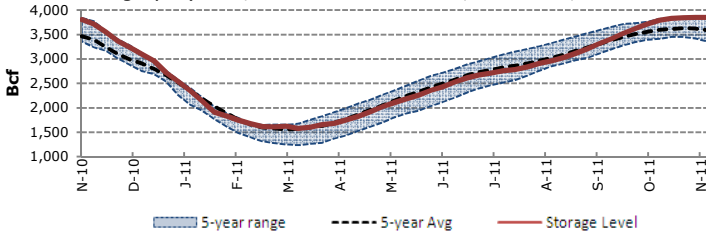
UK Brent Crude Oil

(\$US/Bbl)	1-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$108.99	-\$1.53	-1.40%	+1.12%	-0.32%

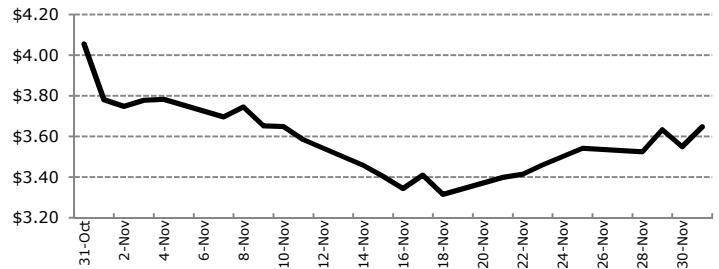
Nymex Natural Gas

(\$US/MMbtu)	1-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.65	+\$0.10	+2.76%	+5.43%	-3.52%
Jan12-Mar12	\$3.69	+\$0.10	+2.65%	+1.25%	-6.52%
Apr12-Oct12	\$3.82	+\$0.09	+2.33%	+1.17%	-5.24%
Nov12-Mar13	\$4.33	+\$0.07	+1.68%	+1.35%	-4.85%
Apr13-Oct13	\$4.36	+\$0.06	+1.44%	+1.36%	-4.24%

Inventory Levels (as of Nov-25)	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	3,851	-1	3,805	3,590



Nat Gas Prompt (\$US/MMbtu)

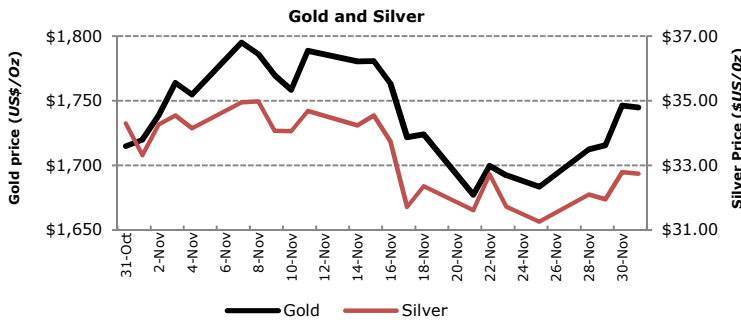


Alberta Natural Gas

(\$CAD/GJ)	1-Dec	day Δ	%Δ
AECO Jan-12	\$3.26	+\$0.08	+2.5%

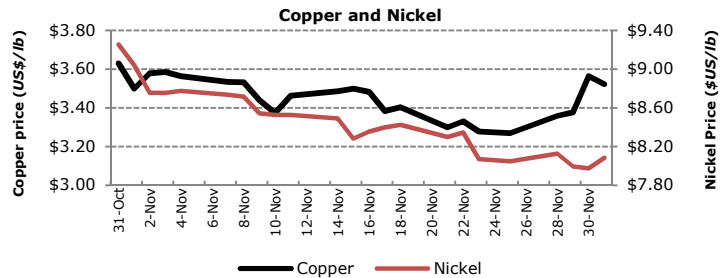
Precious Metals

\$US/oz	1-Dec	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,744.82	-\$1.56	-0.1%	+3.1%	+1.4%	-7.3%
Silver	\$32.75	-\$0.04	-0.1%	+3.2%	-1.7%	-24.3%
Platinum	\$1,560	+\$0.75	+0.0%	+0.7%	-1.8%	-17.2%



Industrial Metals

\$US/lb	1-Dec	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.52	-\$0.04	-1.2%	+7.5%	+0.7%	-14.2%
Nickel	\$8.08	+\$0.11	+1.4%	+0.1%	-10.6%	-20.8%
Zinc	\$1.00	+\$0.04	+4.3%	+6.3%	+6.1%	-6.2%
Aluminum	\$0.96	+\$0.06	+6.7%	+5.5%	-3.0%	-11.9%
Uranium	\$51.75	+\$0.00	0.0%	-2.4%	-0.5%	+2.6%



Agriculture & Other

	1-Dec	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$6.02	-\$0.07	-1.1%	+1.0%	-9.6%
Wheat (\$US/bu)	\$6.14	+\$0.00	+0.0%	+3.4%	-7.7%
Soybeans (\$US/bu)	\$11.28	-\$0.03	-0.3%	+0.5%	-6.2%
Rough Rice (\$US/cwt)	\$14.78	-\$0.06	-0.4%	+1.5%	-11.9%
Sugar #11 (¢US/lb)	¢23.59	¢0.10	-0.4%	+2.2%	-6.9%
Lean Hogs (¢US/lb)	¢90.28	¢1.30	-1.4%	-1.3%	+0.2%
Live Cattle (¢US/lb)	¢123.73	¢0.13	+0.1%	+0.8%	-0.4%
Cotton No.2 (\$US/lb)	\$0.91	+\$0.00	+0.4%	+0.4%	-7.4%
Lumber (\$US/Mbft)	\$219.60	+\$1.40	+0.6%	-7.1%	-7.1%

Commodity ETFs

	1-Dec	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$6.57	-\$0.05	-0.8%	+6.3%	+16.1%
HBP Nat Gas U	\$10.81	+\$0.43	+4.1%	+2.5%	-13.1%
HBP Comex Gold	\$17.70	-\$0.02	-0.1%	+3.1%	+0.6%
\$USD					
US Crude Oil	\$38.61	-\$0.17	-0.4%	+3.9%	+9.7%
US Nat Gas	\$8.02	+\$0.15	+1.9%	+0.4%	-7.7%
PSDB Agriculture	\$28.90	-\$0.09	-0.3%	+0.3%	-5.0%
PSDB Base Metals	\$19.82	-\$0.15	-0.8%	+6.5%	+2.3%

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Interest Rates

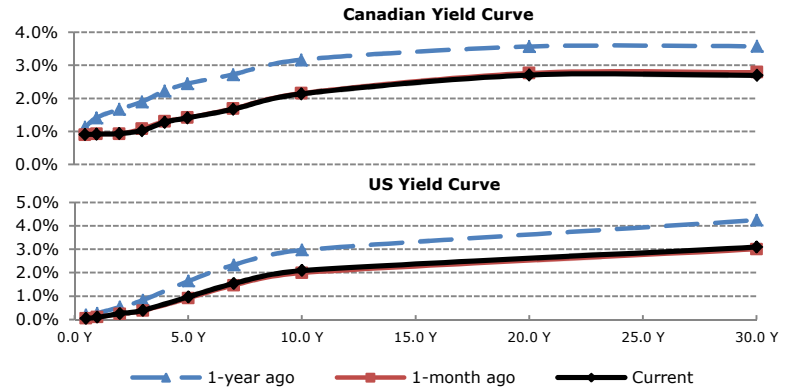
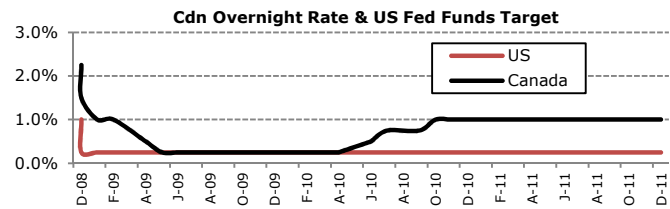
	Current	Prior	Δ	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	-	6-Dec-11	1.00%
US Fed Funds	0.25%	0.25%	-	13-Dec-11	0.25%

Canadian yield curve

	1-Dec	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.86%	-	0.88%	0.94%	1.01%
6-mnth	0.91%	-	0.90%	0.92%	1.13%
12-mnth	0.92%	-0.02%	0.92%	0.94%	1.41%
2-year	0.93%	-0.07%	0.93%	0.95%	1.67%
5-year	1.41%	-0.05%	1.42%	1.48%	2.44%
10-year	2.14%	-0.02%	2.16%	2.30%	3.17%
20-year	2.70%	+0.00%	2.76%	2.94%	3.57%
30-year	2.70%	+0.00%	2.79%	2.96%	3.58%

US yield curve

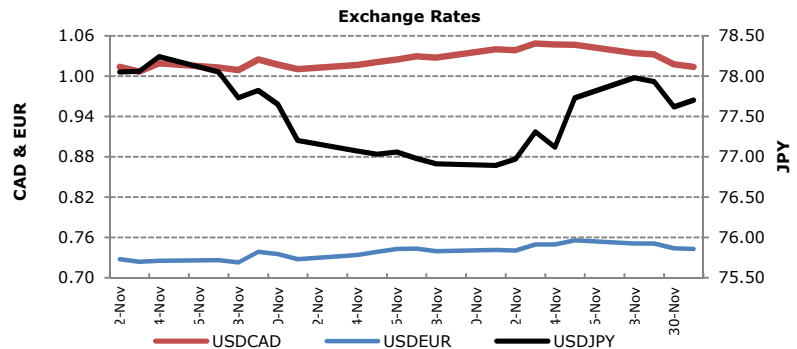
	1-Dec	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	-0.01%	-0.01%	-0.01%	0.02%	0.16%
6-mnth	0.05%	-0.01%	0.04%	0.05%	0.19%
12-mnth	0.10%	-0.01%	0.10%	0.10%	0.27%
2-year	0.25%	-	0.24%	0.20%	0.53%
5-year	0.96%	+0.01%	0.90%	0.86%	1.64%
10-year	2.09%	+0.02%	1.99%	1.99%	2.96%
30-year	3.09%	+0.04%	3.00%	3.30%	4.24%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	1-Dec	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.014	-0.004	1.014	0.978	1.017
EURUSD	\$1.346	+0.002	1.375	1.437	1.314
USDJPY	¥77.70	+0.080	78.05	76.66	84.19
GBPUSD	\$1.569	-0.001	1.595	1.625	1.562
AUDUSD	\$1.024	-0.004	1.035	1.071	0.968
CADJPY	¥76.63	+0.345	76.99	78.40	82.78
CADAUD	\$0.963	+0.007	0.953	0.955	1.015
EURJPY	¥104.60	+0.230	107.29	110.16	110.58
EURAUD	\$1.31	+0.007	1.33	1.34	1.36
Forecasts	Q4-11	Q1-12	Q4-12	Q4-13	Q4-15
USDCAD	\$1.02	1.03	0.98	1.04	1.06
EURUSD	\$1.35	1.33	1.40	1.37	1.30
USDJPY	¥77.00	77.00	80.00	85.00	85.00



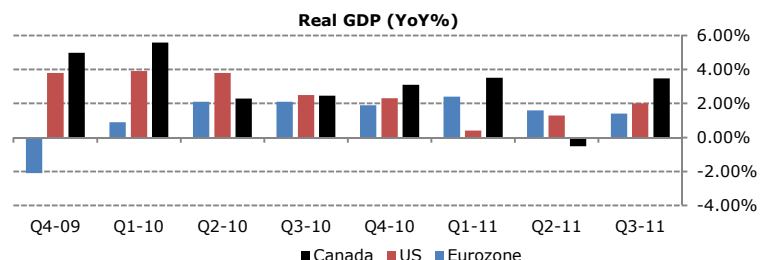
Economic Releases

United States		Period	Survey	Actual	Prior
Mon, Nov 28	New Home Sales	31-Oct	315K	307K	313K
Tue, Nov 29	Consumer Confidence	30-Nov	44	56	39.8
Wed, Nov 30	MBA Mortgage Applications	25-Nov	--	-11.7%	-1.2%
Thu, Dec 01	ISM Manufacturing	30-Nov	51.8	52.7	50.8
Thu, Dec 01	Continuing Claims	19-Nov	3650K	3740K	3691K
Thu, Dec 01	Initial Jobless Claims	26-Nov	390K	402K	393K
Fri, Dec 02	Nonfarm Payroll	30-Nov	125K	120K	80K
Fri, Dec 02	Unemployment Rate	30-Nov	9%	8.6%	9%

Canada		Period	Survey	Actual	Prior
Wed, Nov 30	GDP MoM	30-Sep	0.3%	0.2%	0.3%
Fri, Dec 02	Net Change in Employment	31-Dec	20K	-18.6K	-54K
Fri, Dec 02	Unemployment	31-Dec	7.3%	7.4%	7.3%

Economics

	Q4-10	Q1-11	Q2-11	Q3-11	2011E
Canada					
Real GDP	3.09%	3.51%	-0.51%	3.47%	2.20%
CPI	2.27%	2.60%	3.37%	3.00%	2.90%
Unemployment	7.60%	7.70%	7.40%	7.10%	7.40%
US					
Real GDP	2.30%	0.40%	1.30%	2.00%	1.80%
CPI	1.27%	2.13%	3.47%	3.77%	3.20%
Unemployment	9.40%	8.80%	9.20%	9.10%	9.00%
China					
Real GDP	9.80%	9.70%	9.50%	9.10%	9.20%



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