

## Today's Commentary

Equity markets had a tepid response to the big unemployment news out of the United States. With the announcement that the US unemployment rate fell to 8.6% in November, North American markets opened up, only to close in the red. The Dow and TSX finished the day down 0.01% and 0.32%, respectively. These minimal responses to promising US economic data reflect investor sentiment that the European sovereign debt crisis may overpower North American economic progress.

The world awaits news out of Europe this to see if Germany and France can compromise to reach a deal on the area's debt, as Merkel and Sarkozy met this morning. The main point of contention between "Merkozy" is that Germans, weary of handing out bailouts, are in favour of centralizing control of European economies, while France is more hesitant. Both, however, want more enforceable measures for Eurozone governments to keep their budgets under control. Keep an eye on these talks this week, as markets – particularly in Europe – will likely be volatile as updates from these talks are released.

US futures increased this morning on news of Italian Prime Minister Monti's budget cuts. The Italian government proposed 30-billion euros in austerity measures, news which helped to drive the country's 10-year bond yields down 30 basis points to 6.35%. Prime Minister Monti vowed to give up his salary as premier and finance minister, in a symbolic move to show his solidarity with those affected by the budget cuts. The euro increased on the positive news, up to 1.3213 USD. Ireland's government announced that they would release a similar budget plan later today.

Looking forward this week: European leaders meet later this week at a crucial summit to discuss the sovereign debt crisis and the future of the Euro. On the agenda is fiscal unity, an issue that Germany and France are looking to implement that would see Eurozone countries have their budgets closely watched by the ECB and other Eurozone governments.

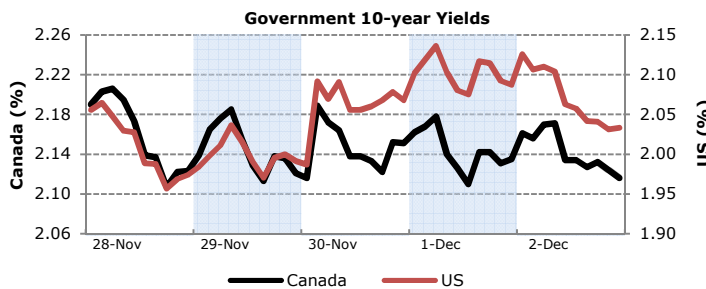
The Daily Roll is written by MFE Candidates Chris Dewey, Calum Macbeth and Chris Watson in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

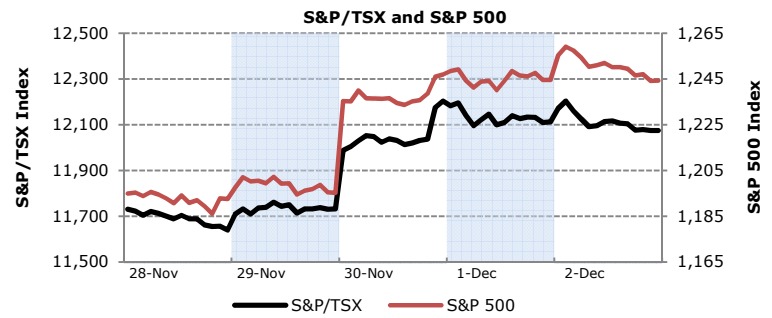
United States	Period	Survey	Actual	Prior
Factory Orders	31-Oct	-0.3%	--	-0.2%

Canada	Period	Survey	Actual	Prior
None Scheduled				

## Interest Rates

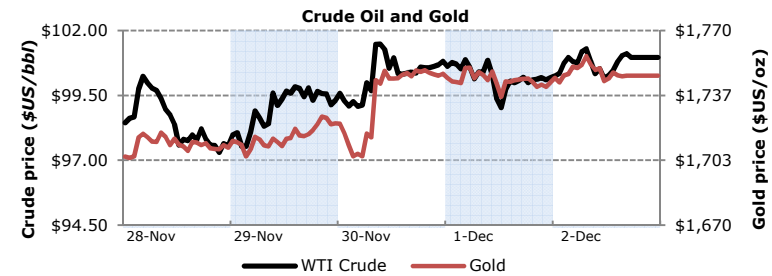


## Equities



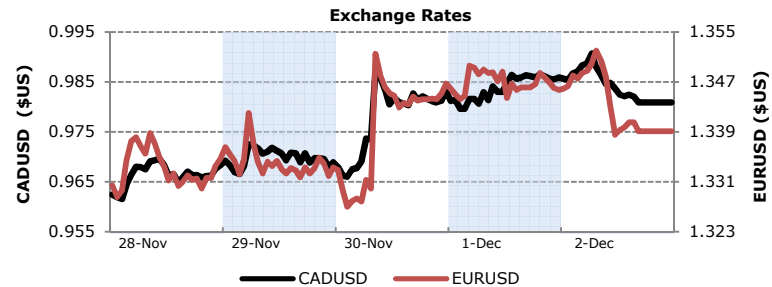
	2-Dec	day Δ	%Δ	5-day	1-mnth
S&P/TSX	12,075.09	-38.2	-0.32%	+5.35%	-1.36%
S&P 500	1,244.28	-0.3	-0.02%	+7.39%	+0.52%
DJIA	12,019.42	-0.61	-0.01%	+7.01%	+1.55%

## Commodities



	2-Dec	day Δ	%Δ	5-day	1-mnth
Oil (\$US/Bbl)	\$100.96	0.76	+0.76%	+4.33%	+9.13%
Nat Gas (\$US/Bcf)	\$3.58	-0.064	-1.75%	+1.19%	-4.40%
Gold (\$US/oz)	\$1,747	1.93	+0.11%	+3.76%	+0.47%
Copper (\$US/lb)	\$3.57	0.0505	+1.43%	+9.32%	-0.17%

## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	2-Dec	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$1.020	+0.006	1.047	1.007	1.003
EURUSD	\$1.339	-0.007	1.324	1.382	1.321
USDJPY	¥77.99	+0.290	77.730	78.06	83.82
AUDUSD	\$1.022	-0.003	0.971	1.042	0.977

## 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.

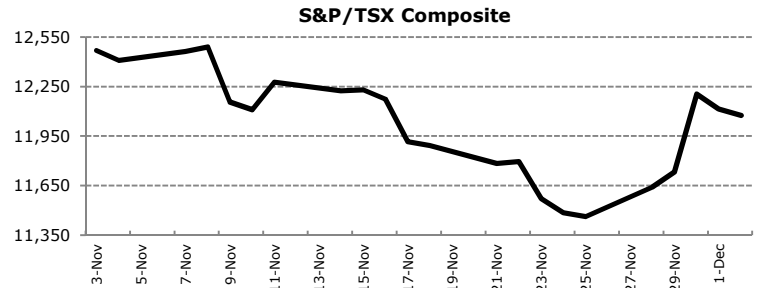
<http://www.rotman.utoronto.ca/financeassociation>

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	<b>2-Dec</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,075.09	-38.2	-0.32%
<b>Trailing S&amp;P/TSX TSX 60</b>			
5-day	+5.35%	+5.47%	
1-month	-1.36%	-1.42%	
3-months	-4.18%	-4.54%	
6-months	-10.68%	-11.08%	
12-months	-8.27%	-8.86%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
C. Discretionary	-0.04%	+0.17%	-1.52%	-17.37%
C. Staples	-0.84%	+3.12%	+0.00%	+5.99%
Energy	+0.28%	+8.84%	+0.01%	-11.18%
Financials	+0.82%	+5.60%	-2.50%	-9.33%
Healthcare	-0.76%	+1.33%	+13.65%	+15.60%
Info Tech	-2.44%	+2.20%	-6.30%	-16.38%
Industrials	+1.17%	+5.17%	-0.51%	-2.38%
Materials	-2.28%	+5.35%	-3.69%	-11.96%
Metals & Mining	-0.90%	+13.74%	-3.38%	-20.15%
Telecom	+0.30%	+2.64%	+1.06%	+9.86%
Utilities	-0.90%	+1.94%	-1.98%	+1.02%

**TSX Top Performers**

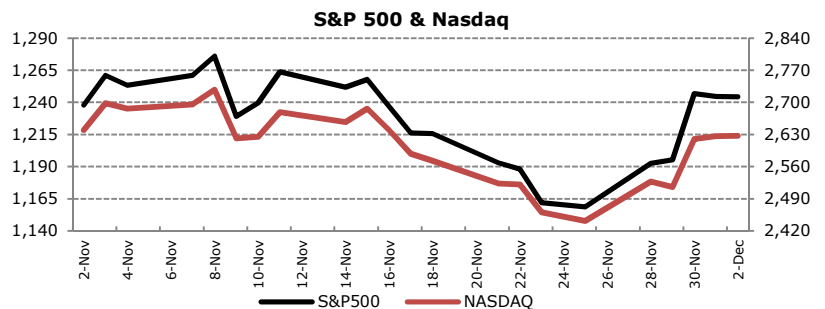
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
Rubicon Minerals Corp	+8.09%	+16.23%	-2.67%	-29.90%
Legacy Oil + Gas Inc	+5.38%	+25.97%	+19.31%	-23.45%
Transglob Energy Corp	+5.10%	+10.89%	-14.65%	-53.19%
Gildan Activewear Inc	+4.72%	-26.61%	-31.32%	-40.23%
Athabasca Oil Sands Corp	+4.41%	+14.31%	-1.99%	-11.51%

**TSX Worst Performers**

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
Research In Motion	-9.20%	+0.59%	-13.08%	-72.85%
Gabriel Resources Ltd	-6.57%	+2.20%	-3.86%	-16.33%
West Fraser Timber Co Ltd	-5.87%	-1.21%	-0.60%	-8.68%
Endeavour Silver Corp	-5.50%	+7.70%	+2.44%	+74.85%
Iamgold Corp	-5.16%	+2.29%	-11.64%	+20.91%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
2-Dec	1,244.28	12,019.42	2,626.93
1-day	-0.02%	-0.01%	+0.03%
5-day	+7.39%	+7.01%	+7.59%
1-month	+0.52%	+1.55%	-0.49%
3-months	+5.99%	+6.93%	+5.91%
6-months	-5.23%	-1.87%	-5.28%
12-months	+1.86%	+5.78%	+1.84%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
C. Discretionary	+0.77%	+7.35%	+1.05%	+4.74%
C. Staples	-0.22%	+4.43%	+2.84%	+9.63%
Energy	-0.08%	+10.08%	+1.21%	+7.68%
Financials	+1.36%	+9.49%	-2.66%	-14.86%
Healthcare	-1.25%	+5.76%	+0.94%	+7.80%
Info Tech	-0.15%	+7.39%	+0.31%	+4.38%
Industrials	-0.09%	+8.14%	+1.65%	-0.98%
Materials	-0.74%	+8.47%	-1.04%	-5.72%
Telecom	-0.03%	+5.75%	+0.71%	+1.58%
Utilities	-1.04%	+3.94%	-0.47%	+11.48%

**DJIA Top Performers**

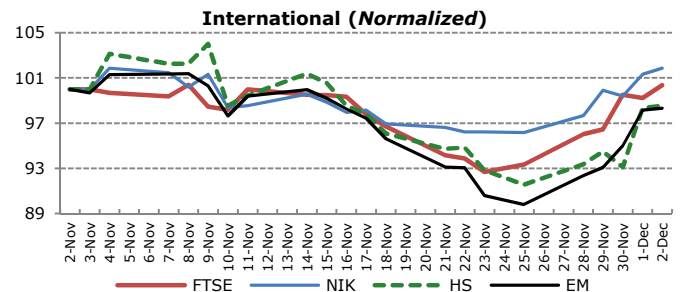
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
Jpmorgan Chase & Co	+6.14%	+13.52%	-1.16%	-15.97%
Bank Of America Corp	+1.99%	+9.31%	-11.70%	-51.48%
Walt Disney Co/The	+1.72%	+9.25%	+8.96%	-0.88%

**DJIA Worst Performers**

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnth</b>
Hewlett-Packard Co	-1.88%	+9.06%	+8.00%	-34.96%
Johnson & Johnson	-1.52%	+3.59%	+1.07%	+5.08%
Travelers Cos Inc/The	-1.45%	+1.55%	-3.88%	+1.21%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	5,552.29	8,643.75	19,040.39	960.83
1-day	+1.15%	+0.54%	+0.20%	+0.18%
5-day	+7.51%	+5.93%	+7.64%	+9.51%
1-month	+1.24%	+0.04%	-3.51%	-1.67%
3-months	+4.92%	-3.43%	-5.80%	-5.97%
6-months	-5.06%	-9.54%	-18.12%	-17.10%
12-months	-3.73%	-15.00%	-18.80%	-13.75%



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### Nymex WTI Crude Oil

(\$US/Bbl)	2-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$100.96	+\$0.76	+0.76%	+4.33%	+9.13%
Cal 12	\$100.48	+\$0.67	+0.67%	+4.21%	+15.59%
Cal 13	\$96.67	+\$0.57	+0.59%	+3.88%	+10.09%

(\$US/bbl)	Q2-12	Q3-12	Q4-12	Q1-13	2013
Consensus Forecast	\$96.50	\$100.00	\$101.50	\$106.50	\$109.00
Current Forward	\$101.11	\$100.30	\$99.40	\$98.33	\$96.67

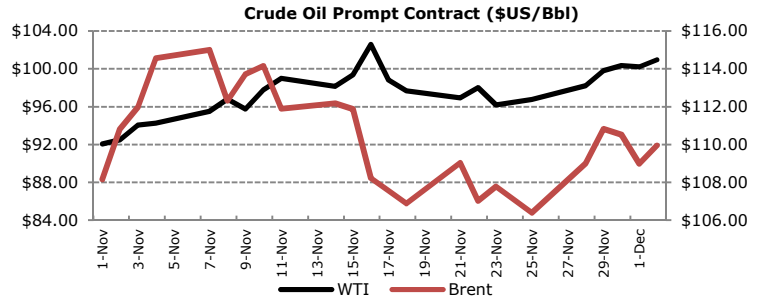
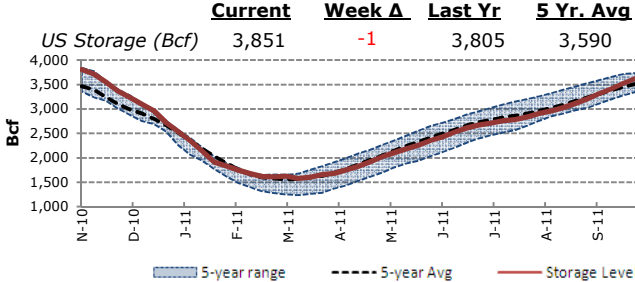
### Inventory Levels (as of Nov-25)

(Mbbbls)	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

### Nymex Natural Gas

(\$US/MMbtu)	2-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.58	-\$0.06	-1.75%	+1.19%	-4.40%
Jan12-Mar12	\$3.64	-\$0.06	-1.53%	-1.94%	-8.10%
Apr12-Oct12	\$3.77	-\$0.04	-1.16%	-1.59%	-6.33%
Nov12-Mar13	\$4.30	-\$0.03	-0.61%	-0.58%	-5.30%
Apr13-Oct13	\$4.35	-\$0.01	-0.26%	-0.08%	-4.36%

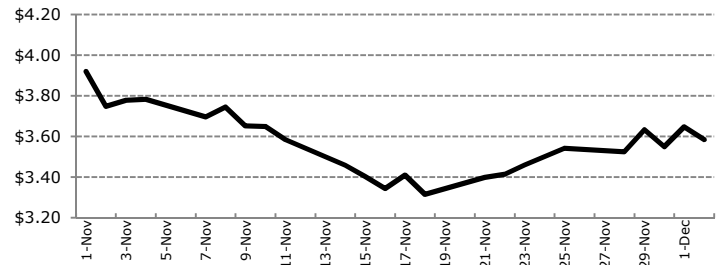
### Inventory Levels (as of Nov-25)



### UK Brent Crude Oil

(\$US/Bbl)	2-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$109.94	+\$0.95	+0.86%	+3.33%	-0.80%

### Nat Gas Prompt (\$US/MMbtu)

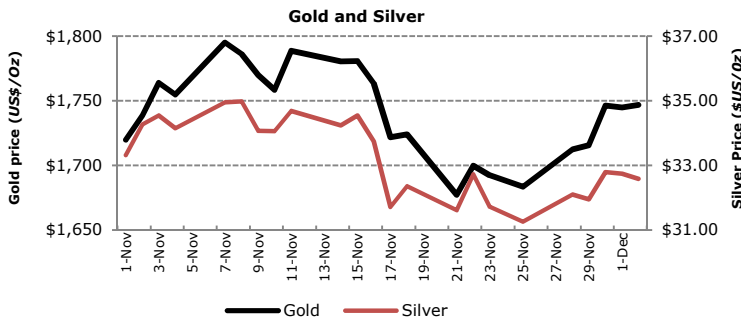


### Alberta Natural Gas

(\$CAD/GJ)	2-Dec	day Δ	%Δ
AECO Jan-12	\$3.20	-\$0.06	-1.8%

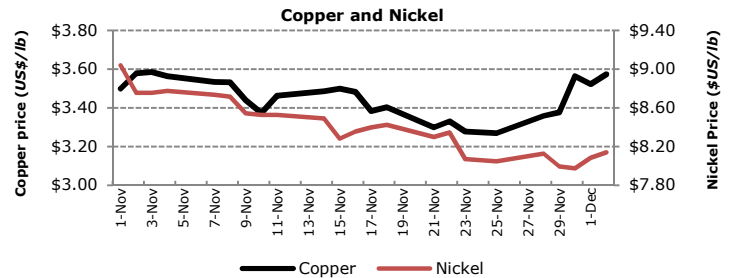
### Precious Metals

\$US/oz	2-Dec	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,746.75	+\$1.93	+0.1%	+3.8%	+0.5%	-7.2%
Silver	\$32.59	-\$0.16	-0.5%	+4.3%	-4.9%	-24.7%
Platinum	\$1,548	-\$12.00	-0.8%	+1.1%	-3.5%	-17.8%



### Industrial Metals

\$US/lb	2-Dec	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.57	+\$0.05	+1.4%	+9.3%	-0.2%	-13.0%
Nickel	\$8.14	+\$0.06	+0.7%	+1.2%	-7.0%	-20.2%
Zinc	\$1.01	+\$0.01	+1.2%	+8.8%	+9.9%	-5.1%
Aluminum	\$0.97	+\$0.01	+1.0%	+7.8%	+2.1%	-11.0%
Uranium	\$52.00	+\$0.25	+0.5%	-1.0%	0.0%	+3.1%



### Agriculture & Other

	2-Dec	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$5.95	-\$0.06	-1.0%	+0.9%	-9.3%
Wheat (\$US/bu)	\$6.26	+\$0.11	+1.8%	+6.2%	-5.1%
Soybeans (\$US/bu)	\$11.36	+\$0.08	+0.7%	+2.6%	-5.6%
Rough Rice (\$US/cwt)	\$14.46	-\$0.32	-2.2%	+1.5%	-11.6%
Sugar #11 (¢US/lb)	¢23.45	¢0.14	-0.6%	+2.4%	-7.7%
Lean Hogs (¢US/lb)	¢89.23	¢1.05	-1.2%	-2.8%	-0.6%
Live Cattle (¢US/lb)	¢123.25	¢0.47	-0.4%	+0.8%	-1.0%
Cotton No.2 (\$US/lb)	\$0.92	+\$0.01	+0.6%	+1.1%	-5.9%
Lumber (\$US/Mbft)	\$227.00	+\$7.40	+3.4%	-3.5%	-3.6%

### Commodity ETFs

	2-Dec	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$6.71	+\$0.14	+2.1%	+8.8%	+14.7%
HBP Nat Gas U	\$10.48	-\$0.33	-3.1%	-3.6%	-16.8%
HBP Comex Gold	\$17.71	+\$0.01	+0.1%	+4.2%	-1.2%
<b>\$USD</b>					
US Crude Oil	\$39.03	+\$0.42	+1.1%	+5.0%	+9.4%
US Nat Gas	\$7.91	-\$0.11	-1.4%	-1.4%	-8.3%
PSDB Agriculture	\$28.76	-\$0.14	-0.5%	+0.7%	-5.2%
PSDB Base Metals	\$20.00	+\$0.18	+0.9%	+7.9%	+1.7%

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**Interest Rates**

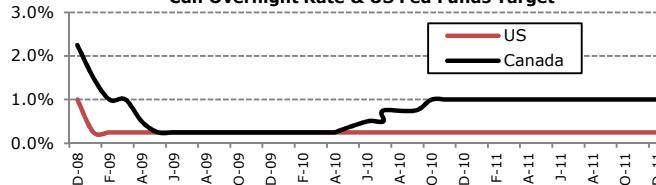
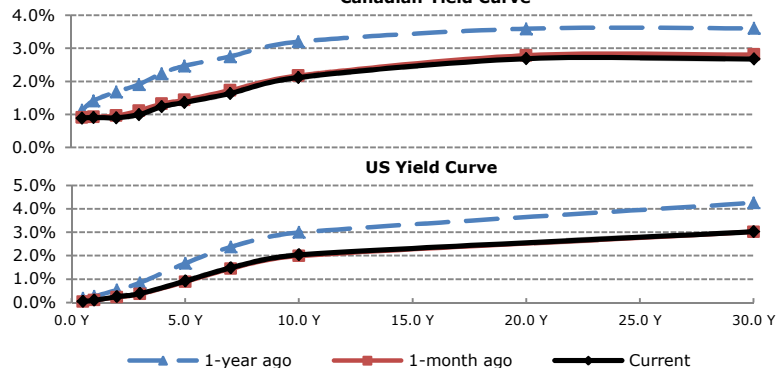
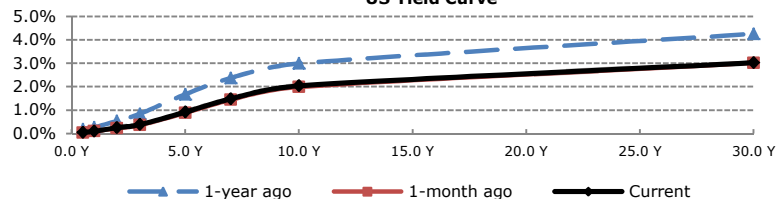
	<b>Current</b>	<b>Prior</b>	<b>Δ</b>	<b>Next Meeting</b>	<b>Survey</b>
Cdn Overnight	1.00%	1.00%	-	6-Dec-11	1.00%
US Fed Funds	0.25%	0.25%	-	13-Dec-11	0.25%

**Canadian yield curve**

	<b>2-Dec</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	0.84%	-0.01%	0.89%	0.94%	1.01%
6-mnth	0.89%	-0.01%	0.91%	0.92%	1.13%
12-mnth	0.90%	-0.02%	0.93%	0.94%	1.42%
2-year	0.90%	-0.03%	0.96%	0.95%	1.68%
5-year	1.36%	-0.04%	1.44%	1.48%	2.47%
10-year	2.12%	-0.02%	2.17%	2.30%	3.20%
20-year	2.68%	-0.02%	2.79%	2.94%	3.59%
30-year	2.68%	-0.02%	2.81%	2.96%	3.61%

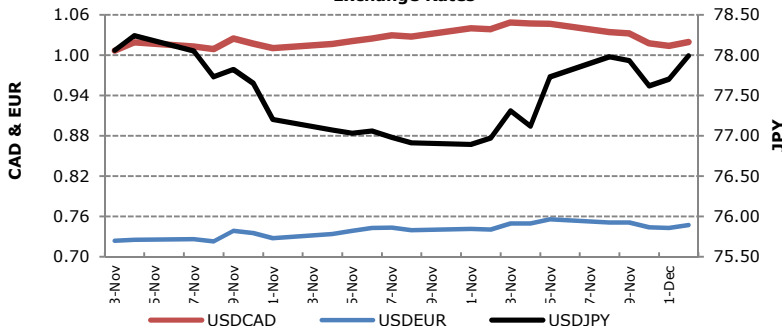
**US yield curve**

	<b>2-Dec</b>	<b>day Δ</b>	<i>Historical Levels</i>		
			<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
3-mnth	-0.01%	-	0.00%	0.02%	0.15%
6-mnth	0.04%	-0.01%	0.04%	0.05%	0.19%
12-mnth	0.10%	-0.00%	0.10%	0.10%	0.27%
2-year	0.25%	-0.00%	0.23%	0.20%	0.54%
5-year	0.91%	-0.05%	0.88%	0.86%	1.67%
10-year	2.03%	-0.05%	1.99%	1.99%	2.99%
30-year	3.02%	-0.07%	3.01%	3.30%	4.25%

**Cdn Overnight Rate & US Fed Funds Target**

**Canadian Yield Curve**

**US Yield Curve**

**Foreign Exchange**

(USDCAD implies 1-USD to CAD)

	<b>Spot</b>	<b>2-Dec</b>	<b>day Δ</b>	<i>Historical Levels</i>		
				<b>-1 mnth</b>	<b>-3 mnths</b>	<b>-1 year</b>
USDCAD	\$1.020	\$1.020	+0.006	1.007	0.977	1.003
EURUSD	\$1.339	\$1.339	-0.007	1.382	1.426	1.321
USDJPY	¥77.99	¥77.99	+0.290	78.06	76.93	83.82
GBPUSD	\$1.560	\$1.560	-0.009	1.604	1.618	1.560
AUDUSD	\$1.022	\$1.022	-0.003	1.042	1.072	0.977
CADJPY	¥76.50	¥76.50	-0.136	77.52	78.75	83.60
CADAUD	\$0.960	\$0.960	-0.003	0.953	0.955	1.021
EURJPY	¥104.43	¥104.43	-0.170	107.90	109.70	110.73
EURAUD	\$1.31	\$1.31	-0.003	1.33	1.33	1.35
<b>Forecasts</b>	<b>Q4-11</b>	<b>Q1-12</b>		<b>Q4-12</b>	<b>Q4-13</b>	<b>Q4-15</b>
USDCAD	\$1.02	1.03		0.99	1.04	1.10
EURUSD	\$1.35	1.31		1.38	1.32	1.30
USDJPY	¥77.00	77.00		80.00	85.00	77.00

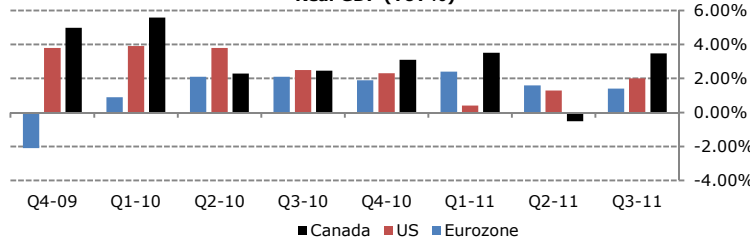
**Exchange Rates**

**Economic Releases**

<b>United States</b>		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Mon, Dec 05	Factory Orders	31-Oct	-0.3%	--	-0.2%
Wed, Dec 07	MBA Mortgage Applications	2-Dec	--	--	-11.7%
Thu, Dec 08	Continuing Claims	26-Nov	3700K	--	3740K
Thu, Dec 08	Intial Jobless Claims	3-Dec	395K	--	402K
Fri, Dec 09	Trade Balance	31-Oct	-43.9B	--	-43.1B

<b>Canada</b>		<b>Period</b>	<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
Tue, Dec 06	Building Permits (MoM)	31-Oct	1.6%	--	-4.9%
Thu, Dec 08	Housing Starts	30-Nov	200K	--	207.6K

**Economics**

	<b>Q4-10</b>	<b>Q1-11</b>	<b>Q2-11</b>	<b>Q3-11</b>	<b>2011E</b>
<b>Canada</b>					
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%
<b>US</b>					
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%
<b>China</b>					
Real GDP	9.80%	9.70%	9.50%	9.10%	9.20%

**Real GDP (YoY%)**


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