

Today's Commentary

Europe continued to dominate the news yesterday. North American equity markets started the day strong, on the news of Italy's new budget proposal and on the hopes that the European summit would solve the zone's debt problems. This new confidence in Italy's ability to pay its 1.9 trillion euro debt load had 10-year Italian bonds ending the day below six percent at 5.95%. The huge gains in equity markets made early in the day were cut upon news that Standard and Poor's was considering a downgrade of 15 of the Eurozone countries, which if occurs, would take place within the next 90 days. The S&P 500 and TSX finished the day up 1.03% and 0.37%, respectively. In commodities news, natural gas continued its slide, dropping 3.43% on the day, while crude stayed strong at over \$100 per barrel.

Standard and Poor's big "creditwatch negative" announcement included a possible downgrade of France and Germany, amidst a lack of decisive political action to solve their financial issues. S&P also predicts that the probability of Eurozone output falling amid the recent austerity measures is 40%. Such a downgrade would raise the borrowing costs of European countries at an inconvenient time, which would further be elevated by forced sell-offs made by low risk funds.

The leaders of Germany and France are beginning the push for fiscal unity in the Eurozone – a move that will require a renegotiation of many EU treaties. The two biggest Eurozone economies are planning to sell their "Merkozy" politics to the 15 other nations which would bring about strict budget oversight for all Eurozone countries. Other proposals from Merkel and Sarkozy include trigger fines for countries which breach debt limits and the implementation of the ESM, European Stability Mechanism, which would be a permanent replacement for the EFSF starting in 2013.

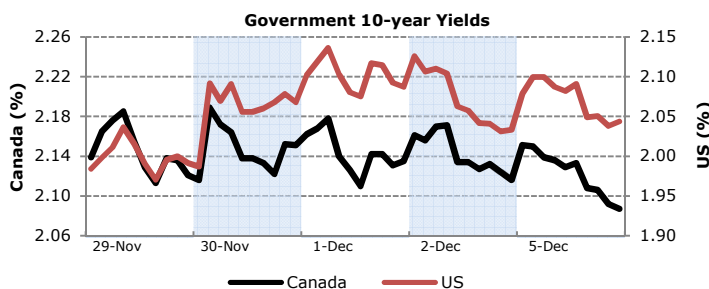
The Daily Roll is written by MFE Candidates Chris Dewey, Calum Macbeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

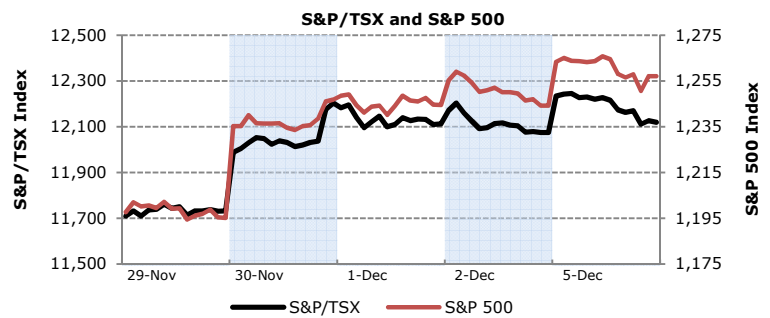
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
Building Permits (MoM)	31-Oct	1.6%	11.9%	-4.9%

Interest Rates

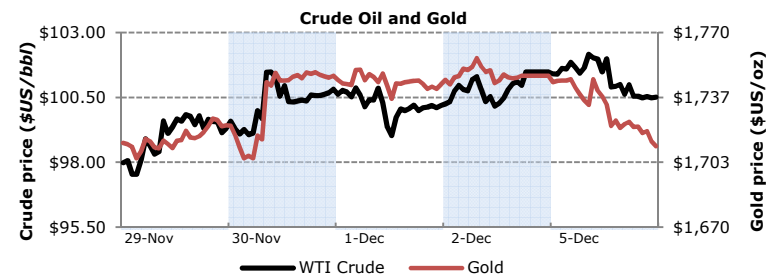


Equities



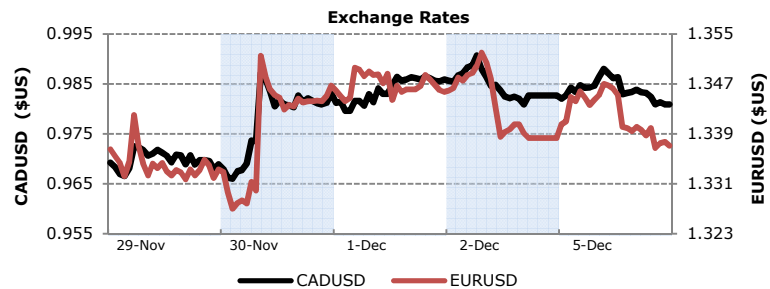
	5-Dec	day Δ	%Δ	5-day	1-mnth
S&P/TSX	12,119.33	44.24	+0.37%	+4.12%	-2.33%
S&P 500	1,257.08	12.8	+1.03%	+5.41%	+0.31%
DJIA	12,097.83	78.41	+0.65%	+4.99%	+0.96%

Commodities



	5-Dec	day Δ	%Δ	5-day	1-mnth
Oil (\$US/Bbl)	\$100.99	0.03	+0.03%	+2.83%	+7.36%
Nat Gas (\$US/Bcf)	\$3.46	-0.123	-3.43%	-1.82%	-8.39%
Gold (\$US/oz)	\$1,723	-23.75	-1.36%	+0.62%	-1.80%
Copper (\$US/lb)	\$3.60	0.0315	+0.88%	+7.31%	+1.15%

Foreign Exchange



Spot	Historical levels				
	5-Dec	day Δ	-5 days	-1 mnth	-1 year
USDCAD	\$1.017	-0.003	1.034	1.019	1.004
EURUSD	\$1.340	+0.001	1.332	1.379	1.341
USDJPY	¥77.82	-0.170	77.980	78.24	82.53
AUDUSD	\$1.027	+0.006	0.991	1.038	0.993

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.

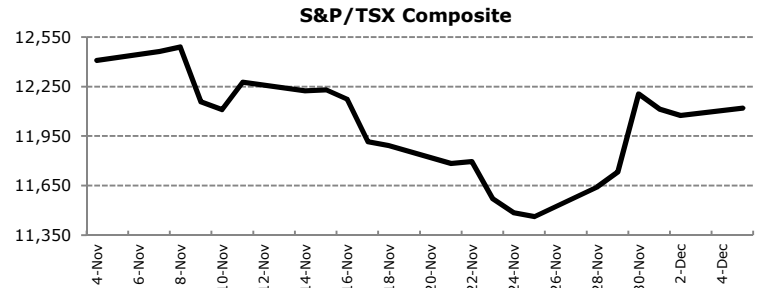
<http://www.rotman.utoronto.ca/financeassociation>

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	5-Dec	day Δ	%Δ
S&P/TSX	12,119.33	44.24	+0.37%
Trailing S&P/TSX TSX 60			
5-day	+4.12%	+4.16%	
1-month	-2.33%	-2.40%	
3-months	-3.83%	-4.23%	
6-months	-10.35%	-11.04%	
12-months	-8.04%	-8.45%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+1.09%	+1.14%	-0.82%	-16.05%
C. Staples	+0.52%	+3.18%	-0.20%	+6.90%
Energy	+0.81%	+6.88%	-2.17%	-10.63%
Financials	+0.80%	+5.12%	-1.14%	-7.84%
Healthcare	+0.46%	+1.78%	+6.40%	+13.84%
Info Tech	-0.20%	+0.99%	-8.10%	-16.16%
Industrials	+1.02%	+4.59%	-0.66%	-0.78%
Materials	-0.44%	+2.81%	-6.22%	-13.72%
Metals & Mining	+2.63%	+10.88%	-4.96%	-19.60%
Telecom	-0.08%	+2.17%	+1.34%	+10.77%
Utilities	-0.33%	+0.43%	-2.66%	+1.10%

TSX Top Performers

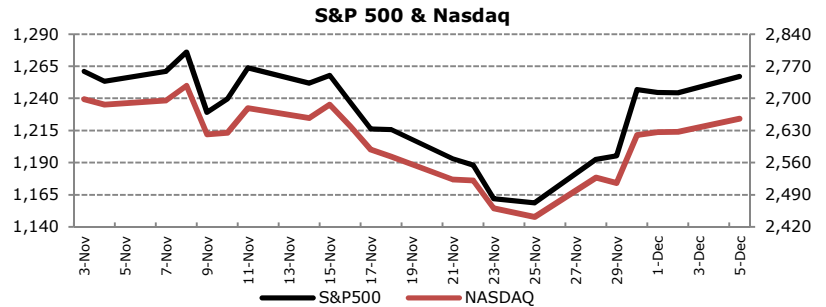
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Gildan Activewear Inc	+7.04%	-22.88%	-31.38%	-35.87%
Capstone Mining Corp	+6.16%	+15.35%	-10.94%	-33.56%
Quadra Fnx Mining Ltd	+6.07%	+14.76%	-0.44%	-23.00%
Shawcor Ltd-Class A	+5.28%	+12.80%	+16.06%	-10.02%
Ivanhoe Mines Ltd	+5.22%	+8.17%	-5.43%	-15.45%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Aurico Gold Inc	-5.75%	-4.67%	-13.88%	+17.84%
Yellow Media Inc	-4.35%	-4.35%	-38.89%	-96.46%
Ccl Industries Inc - CI B	-3.61%	+0.78%	-2.03%	+2.75%
Avion Gold Corp	-3.55%	+4.49%	-27.56%	NA
Taseko Mines Ltd	-3.28%	+1.72%	-20.27%	-36.83%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
5-Dec	1,257.08	12,097.83	2,655.76
1-day	+1.03%	+0.65%	+1.10%
5-day	+5.41%	+4.99%	+5.08%
1-month	+0.31%	+0.96%	-1.13%
3-months	+7.08%	+7.63%	+7.07%
6-months	-3.31%	-0.44%	-2.82%
12-months	+2.64%	+6.29%	+2.48%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.86%	+5.09%	+0.96%	+5.43%
C. Staples	+0.40%	+3.26%	+2.52%	+10.04%
Energy	+1.18%	+7.53%	+0.06%	+8.46%
Financials	+2.11%	+8.60%	-1.04%	-13.33%
Healthcare	+0.17%	+3.14%	+0.74%	+7.89%
Info Tech	+1.22%	+4.99%	-0.33%	+5.36%
Industrials	+1.09%	+5.88%	+1.01%	-0.19%
Materials	+0.99%	+5.71%	-1.96%	-5.60%
Telecom	+0.73%	+4.30%	+0.61%	+2.25%
Utilities	+0.82%	+3.43%	-0.26%	+12.07%

DJIA Top Performers

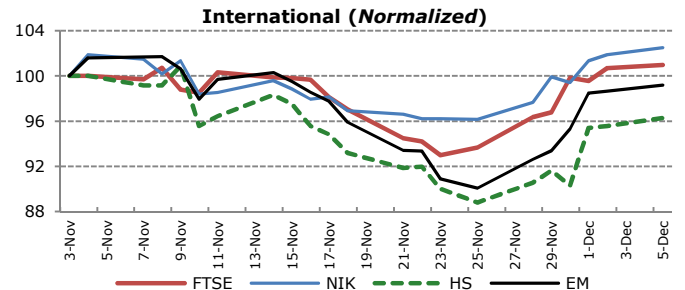
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Jpmorgan Chase & Co	+3.65%	+14.92%	-1.35%	-15.40%
Bank Of America Corp	+2.66%	+10.29%	-10.79%	-51.18%
Du Pont (E.I.) De Nemours	+2.04%	+6.60%	-1.48%	-2.56%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Merck & Co. Inc.	-0.62%	+2.92%	+3.64%	-0.11%
Mcdonald'S Corp	-0.37%	+1.70%	+1.64%	+19.55%
Boeing Co/The	-0.29%	+9.39%	+8.04%	+6.84%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,567.96	8,695.98	19,179.69	966.19
1-day	+0.28%	+0.60%	+0.73%	+0.56%
5-day	+4.80%	+4.93%	+6.33%	+7.08%
1-month	+0.74%	-1.20%	-3.34%	-2.37%
3-months	+9.12%	-1.01%	-2.23%	-5.45%
6-months	-4.90%	-8.39%	-16.43%	-16.38%
12-months	-3.09%	-14.56%	-17.76%	-13.87%



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Nymex WTI Crude Oil

(\$US/Bbl)	5-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$100.99	+\$0.03	+0.03%	+2.83%	+7.36%
Cal 12	\$100.63	+\$0.15	+0.15%	+2.94%	+14.36%
Cal 13	\$96.83	+\$0.15	+0.16%	+2.92%	+9.23%

(\$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	\$101.23	\$100.50	\$99.64	\$98.55	\$96.83

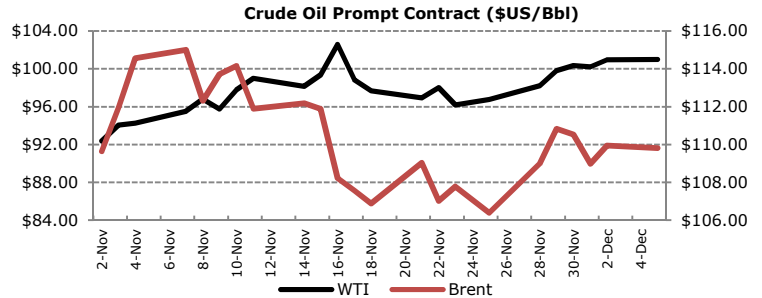
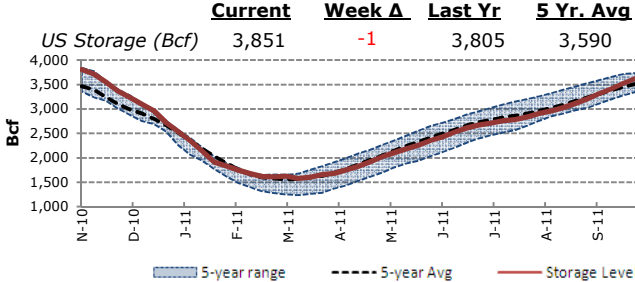
Inventory Levels (as of Nov-25)

(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)	5-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.46	-\$0.12	-3.43%	-1.82%	-8.39%
Jan12-Mar12	\$3.52	-\$0.12	-3.30%	-1.68%	-10.74%
Apr12-Oct12	\$3.66	-\$0.11	-2.97%	-1.48%	-8.65%
Nov12-Mar13	\$4.22	-\$0.09	-1.99%	-0.39%	-6.62%
Apr13-Oct13	\$4.29	-\$0.06	-1.40%	+0.49%	-5.27%

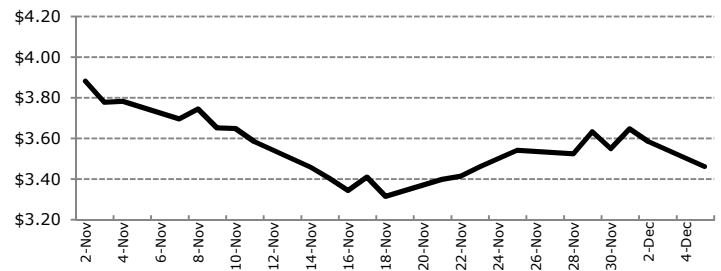
Inventory Levels (as of Nov-25)



UK Brent Crude Oil

(\$US/Bbl)	5-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$109.81	-\$0.13	-0.12%	+0.74%	-1.93%

Nat Gas Prompt (\$US/MMbtu)

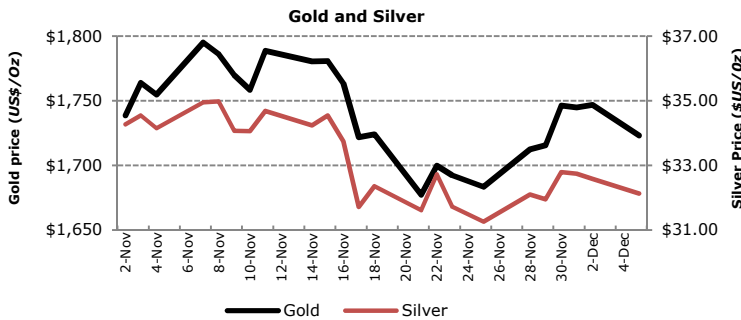


Alberta Natural Gas

(\$CAD/GJ)	5-Dec	day Δ	%Δ
AECO Jan-12	\$3.09	-\$0.11	-3.4%

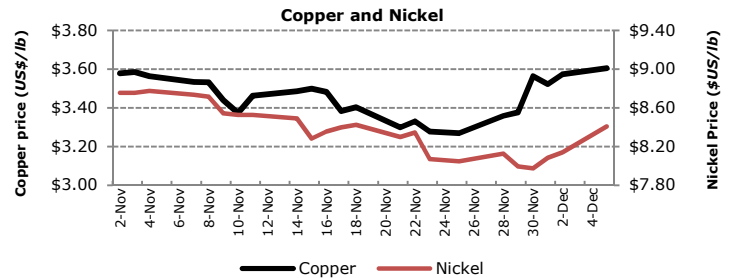
Precious Metals

\$US/oz	5-Dec	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,723.00	-\$23.75	-1.4%	+0.6%	-1.8%	-8.1%
Silver	\$32.13	-\$0.46	-1.4%	+0.1%	-5.9%	-23.5%
Platinum	\$1,521	-\$27.50	-1.8%	-1.5%	-6.9%	-18.0%



Industrial Metals

\$US/lb	5-Dec	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.60	+\$0.03	+0.9%	+7.3%	+1.2%	-10.8%
Nickel	\$8.41	+\$0.27	+3.3%	+3.4%	-4.2%	-14.0%
Zinc	\$1.00	-\$0.02	-1.6%	+4.6%	+5.5%	-5.1%
Aluminum	\$0.96	-\$0.01	-1.0%	+5.5%	-1.0%	-10.3%
Uranium	\$52.25	+\$0.25	+0.5%	+1.0%	+0.5%	+3.6%



Agriculture & Other

	5-Dec	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$5.91	-\$0.04	-0.7%	-1.3%	-11.3%
Wheat (\$US/bu)	\$6.12	-\$0.14	-2.2%	+3.1%	-8.0%
Soybeans (\$US/bu)	\$11.26	-\$0.10	-0.8%	+0.5%	-7.8%
Rough Rice (\$US/cwt)	\$14.39	-\$0.07	-0.5%	+1.7%	-10.8%
Sugar #11 (¢US/lb)	¢24.08	+¢0.63	+2.7%	+4.2%	-5.8%
Lean Hogs (¢US/lb)	¢88.13	¢1.10	-1.2%	-2.7%	-2.2%
Live Cattle (¢US/lb)	¢120.25	¢3.00	-2.4%	-1.9%	-4.5%
Cotton No.2 (\$US/lb)	\$0.92	+\$0.00	+0.4%	+1.0%	-6.3%
Lumber (\$US/Mbft)	\$232.80	+\$5.80	+2.6%	+0.5%	+0.7%

Commodity ETFs

	5-Dec	day Δ	%Δ	5-day	1-mnth
\$CAD					
HBP Crude Oil U	\$6.69	-\$0.02	-0.3%	+6.0%	+13.4%
HBP Nat Gas U	\$9.71	-\$0.77	-7.3%	-5.5%	-22.9%
HBP Comex Gold	\$17.46	-\$0.25	-1.4%	+0.6%	-2.2%
\$USD					
US Crude Oil	\$39.01	-\$0.02	-0.1%	+3.1%	+7.0%
US Nat Gas	\$7.63	-\$0.28	-3.5%	-2.4%	-12.4%
PSDB Agriculture	\$28.63	-\$0.13	-0.5%	+0.0%	-6.5%
PSDB Base Metals	\$19.77	-\$0.23	-1.2%	+4.5%	+0.2%

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Interest Rates

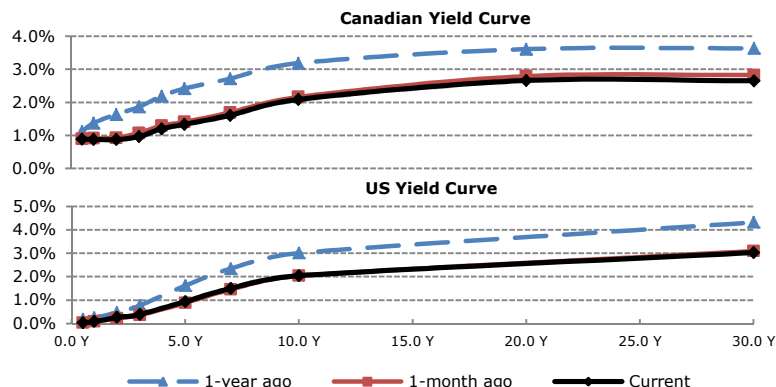
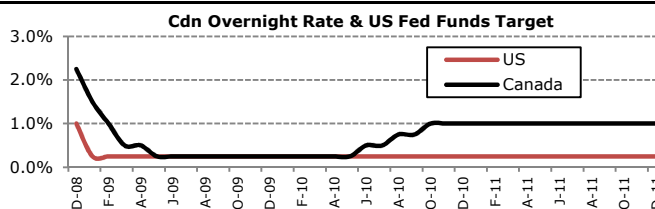
	Current	Prior	Δ	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	-	17-Jan-12	1.00%
US Fed Funds	0.25%	0.25%	-	13-Dec-11	0.25%

Canadian yield curve

	5-Dec	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.84%	-	0.89%	0.91%	1.01%
6-mnth	0.89%	-	0.90%	0.88%	1.12%
12-mnth	0.88%	-0.03%	0.91%	0.87%	1.37%
2-year	0.87%	-0.03%	0.93%	0.86%	1.64%
5-year	1.34%	-0.03%	1.41%	1.40%	2.42%
10-year	2.09%	-0.03%	2.16%	2.24%	3.19%
20-year	2.66%	-0.02%	2.79%	2.89%	3.61%
30-year	2.65%	-0.02%	2.83%	2.92%	3.64%

US yield curve

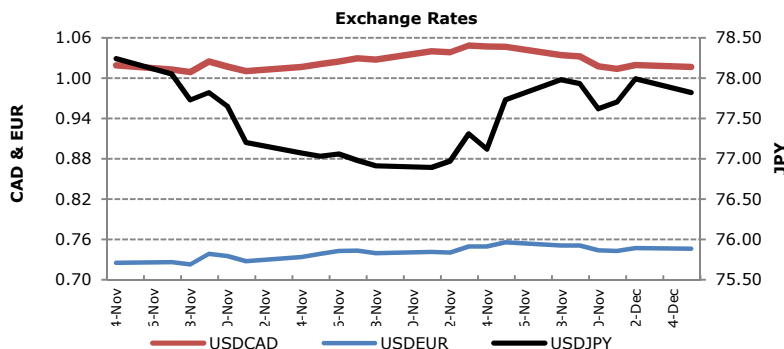
	5-Dec	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	-0.01%	-	-0.01%	0.02%	0.13%
6-mnth	0.03%	-0.01%	0.03%	0.06%	0.19%
12-mnth	0.08%	-0.02%	0.09%	0.11%	0.25%
2-year	0.26%	+0.01%	0.22%	0.20%	0.47%
5-year	0.94%	+0.02%	0.87%	0.88%	1.61%
10-year	2.04%	+0.01%	2.03%	1.98%	3.01%
30-year	3.03%	+0.00%	3.09%	3.27%	4.31%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	5-Dec	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$1.017	-0.003	1.019	0.985	1.004
EURUSD	\$1.340	+0.001	1.379	1.421	1.341
USDJPY	¥77.82	-0.170	78.24	76.80	82.53
GBPUSD	\$1.565	+0.005	1.603	1.622	1.578
AUDUSD	\$1.027	+0.006	1.038	1.065	0.993
CADJPY	¥76.56	+0.065	76.79	77.97	82.21
CADAUD	\$0.958	-0.002	0.946	0.954	1.003
EURJPY	¥104.27	-0.160	107.88	109.11	110.73
EURAUD	\$1.30	-0.006	1.33	1.33	1.35
Forecasts	Q4-11	Q1-12	Q4-12	Q4-13	Q4-15
USDCAD	\$1.02	1.03	1.00	1.04	1.10
EURUSD	\$1.35	1.31	1.37	1.32	1.30
USDJPY	¥77.00	77.00	80.00	85.00	77.00



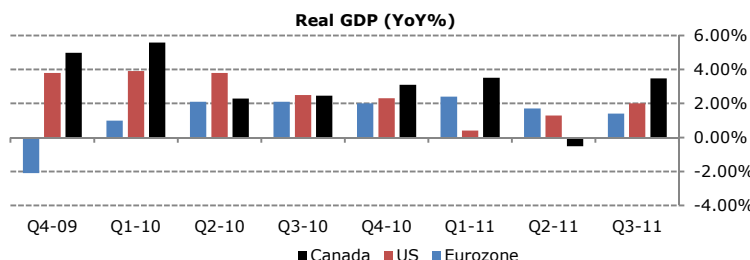
Economic Releases

United States		Period	Survey	Actual	Prior
Mon, Dec 05	Factory Orders	31-Oct	-0.3%	-0.4%	0.3%
Wed, Dec 07	MBA Mortgage Applications	2-Dec	--	--	-11.7%
Thu, Dec 08	Continuing Claims	26-Nov	3700K	--	3740K
Thu, Dec 08	Initial Jobless Claims	3-Dec	395K	--	402K
Fri, Dec 09	Trade Balance	31-Oct	-44B	--	-43.1B

Canada		Period	Survey	Actual	Prior
Tue, Dec 06	Building Permits (MoM)	31-Oct	1.6%	11.9%	-4.9%
Thu, Dec 08	Housing Starts	30-Nov	200K	--	207.6K

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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