

Today's Commentary

Despite late day gains, North American equity indices ended the day in the red, with the S&P 500 capping off its worst week since June. Economic unease sent investors fleeing from equities last week, as the S&P/TSX and the DJIA also showed weekly declines. The Friday afternoon gains were spurred on by positive news out of Europe as the Spanish banking system had stronger than estimated results in recent stress tests. Economic news out of the US was not as strong, however. August growth in personal income in the US missed estimates and consumer confidence was shown to fall. Better news north of the border as Canadian monthly GDP for July came in at 0.2% growth, ahead of the estimated 0.1% growth. Commodities showed mixed results as WTI crude and gold prices moved in opposite directions, while industrial metals continued strong price growth. Nickel, zinc and aluminum all gained more than 1% on the day.

Consultants at Oliver Wyman provided the economy with some positive news out of Spain on Friday. A report detailing stress tests of 14 Spanish banks was released on with numbers coming in ahead of predictions. In June, Oliver Wyman estimated a 62 billion-euro aggregate shortfall in capital for the Spanish banking sector, but on Friday reported that number to be a 59.3 billion-euro capital deficit. Seven banks were found to have no capital deficit, while the Bankia group was found to have a 24.7 billion-euro shortfall in capital – the largest gap of the banks showing capital deficits. Overall these stress tests are a positive sign for the country, which is still reeling from a real estate crisis, as Deputy Economy Minister Fernando Jimenez Latorre said Spain may request up to 40 billion euros of European funds in the coming weeks.

In January 2009, Bank of America's Board of Directors voted to acquire Merrill Lynch & Co. for \$18.5 billion, but failed to inform their own shareholders of accruing losses at the institution. Over three years later, Bank of America has agreed to pay \$2.43 billion to investors who suffered losses from the acquisition. On top of their largest class-action lawsuit settlement since the 2008 financial crisis, Bank of America also racked up \$1.6 billion in litigation expenses, which will be incurred in the third quarter. Despite being the best performing stock on the DJIA – gaining 59% so far this year – Bank of America's share price dipped 1.6% on Friday, closing at \$8.83.

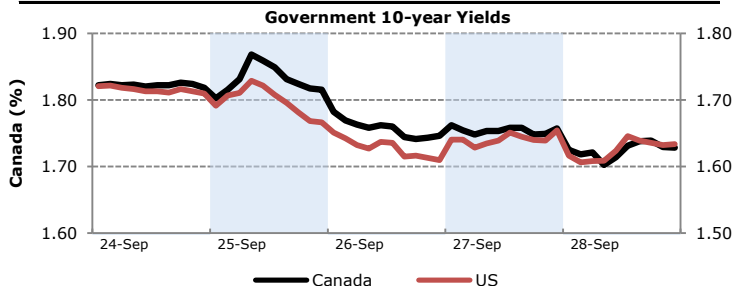
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

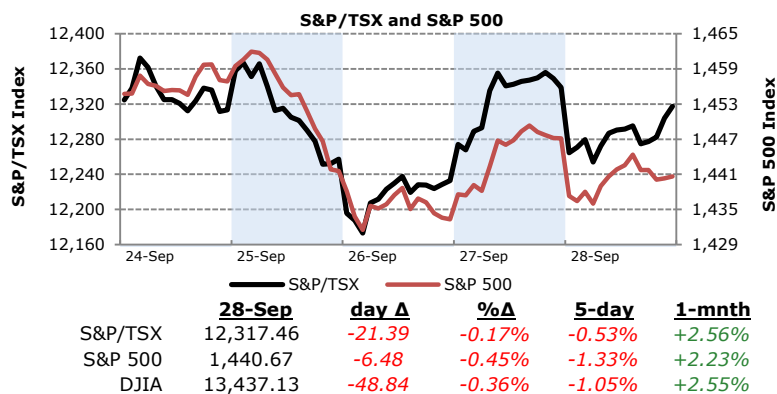
United States	Period	Survey	Actual	Prior
ISM Manufacturing	31-Aug	49.7	--	49.6

Canada	Period	Survey	Actual	Prior
None Scheduled				

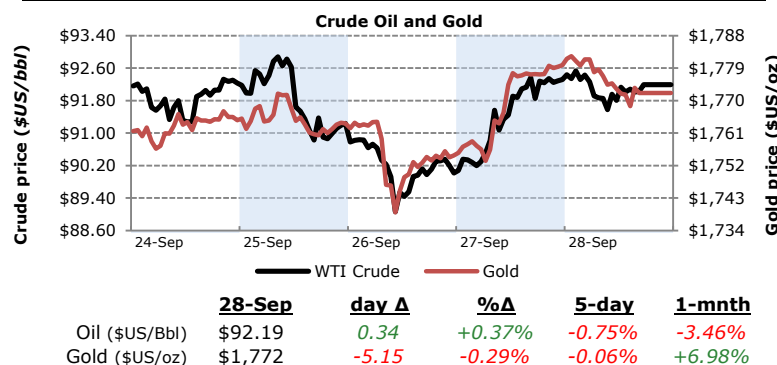
Interest Rates



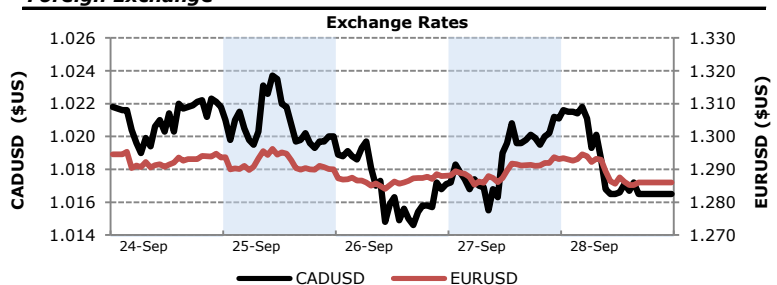
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	28-Sep	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.984	+0.003	0.976	0.993	1.040
EURUSD	\$1.286	-0.005	1.298	1.251	1.338
USDJPY	¥77.96	+0.350	78.170	78.63	76.73

Government 10-year Yields

	28-Sep	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.73%	-0.029%	1.80%	1.74%	2.22%
United States	1.63%	-0.021%	1.65%	1.64%	2.00%

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.

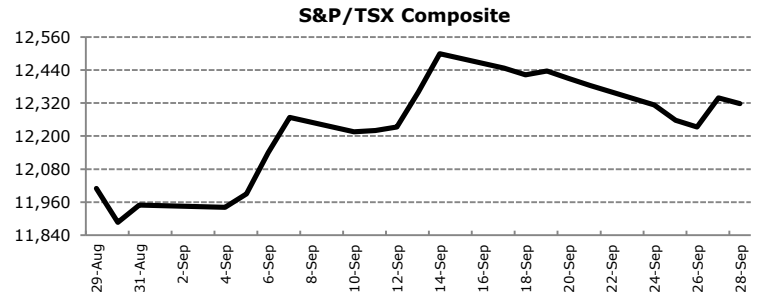
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	28-Sep	day Δ	%Δ
S&P/TSX	12,317.46	-21.39	-0.17%
Trailing S&P/TSX TSX 60			
5-day	-0.53%	-0.49%	
1-month	+2.56%	+2.41%	
3-months	+7.81%	+7.30%	
6-months	-0.78%	-0.96%	
12-months	+6.31%	+6.14%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.44%	-0.55%	-0.30%	+12.32%
C. Staples	-0.04%	+1.03%	-2.26%	+13.61%
Energy	-0.41%	-2.69%	+1.36%	+6.66%
Financials	-0.41%	+0.24%	+2.12%	+7.41%
Healthcare	-0.06%	+0.89%	-3.28%	+19.47%
Info Tech	+1.38%	+2.36%	+1.16%	-12.43%
Industrials	-0.53%	-0.11%	-0.24%	+19.23%
Materials	+0.33%	-1.06%	+10.79%	-3.72%
Metals & Mining	-0.04%	-2.01%	+6.44%	+2.76%
Telecom	-0.04%	+1.37%	-1.13%	+12.13%
Utilities	+1.07%	+1.43%	-0.55%	-1.49%

TSX Top Performers

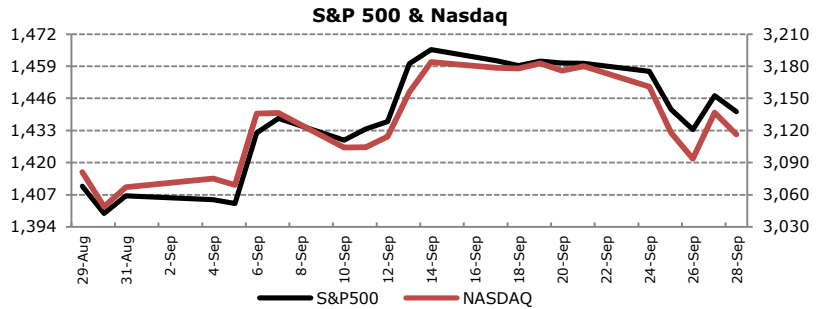
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Niko Resources Ltd	+8.73%	+15.18%	-11.01%	-69.21%
Research In Motion	+8.05%	+20.32%	+8.36%	-65.77%
Centerra Gold Inc	+5.85%	+5.57%	+54.84%	-37.23%
Kirkland Lake Gold Inc	+4.56%	+1.71%	-10.71%	-28.58%
Oceanagold Corp	+4.49%	+5.84%	+26.36%	+44.89%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Lake Shore Gold Corp	-3.88%	+6.45%	-1.00%	-27.21%
Thompson Creek Metals Co	-3.78%	-14.89%	+10.24%	-57.06%
China Gold International	-3.39%	-3.82%	+32.10%	+51.24%
Legacy Oil + Gas Inc	-3.31%	-9.43%	+1.05%	-19.04%
Stantec Inc	-3.24%	-4.01%	+5.08%	+45.53%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
28-Sep	1,440.67	13,437.13	3,116.23
1-day	-0.45%	-0.36%	-0.65%
5-day	-1.33%	-1.05%	-2.00%
1-month	+2.23%	+2.55%	+1.27%
3-months	+8.40%	+6.62%	+9.36%
6-months	+2.50%	+2.37%	+0.36%
12-months	+25.16%	+22.03%	+25.07%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.44%	-1.59%	+3.32%	+29.45%
C. Staples	-0.31%	-0.58%	+0.58%	+20.39%
Energy	-0.49%	-1.50%	+2.47%	+22.70%
Financials	-0.38%	-1.60%	+3.51%	+31.05%
Healthcare	-0.44%	-0.25%	+4.07%	+25.86%
Info Tech	-0.73%	-2.36%	+0.80%	+26.54%
Industrials	-0.28%	-1.13%	+1.08%	+23.99%
Materials	-0.59%	-1.92%	+3.98%	+21.56%
Telecom	-0.75%	-1.08%	+4.19%	+28.43%
Utilities	+0.47%	+0.93%	+0.01%	+8.71%

DJIA Top Performers

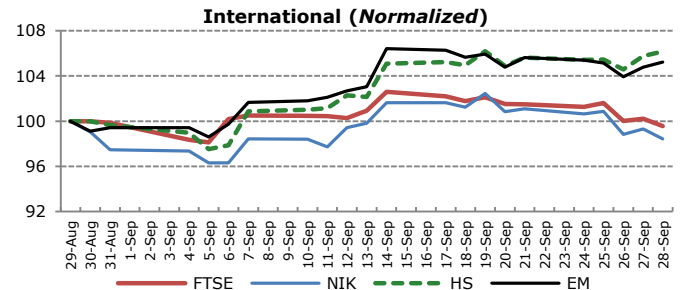
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Cisco Systems Inc	+1.54%	+1.03%	-0.68%	+20.44%
Home Depot Inc	+0.82%	+1.60%	+6.79%	+78.66%
Intl Business Machines Co	+0.75%	+0.71%	+6.46%	+15.78%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Intel Corp	-1.69%	-1.99%	-9.28%	+2.12%
Mcdonald'S Corp	-1.63%	-2.09%	+2.93%	+3.35%
Bank Of America Corp	-1.56%	-3.07%	+10.93%	+39.06%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,742.07	8,870.16	20,840.38	1,002.66
1-day	-0.65%	-0.89%	+0.38%	+0.43%
5-day	-1.89%	-2.63%	+0.51%	-0.39%
1-month	-0.58%	-1.81%	+5.19%	+4.80%
3-months	+4.53%	-0.04%	+9.54%	+10.58%
6-months	-1.15%	-12.89%	-0.22%	-3.95%
12-months	+10.05%	+2.95%	+15.71%	+12.53%



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Nymex WTI Crude Oil

(\$US/Bbl)	28-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.19	+\$0.34	+0.37%	-0.75%	-3.46%
Cal 13	\$93.71	+\$0.41	+0.44%	-0.15%	-3.24%
Cal 14	\$91.78	+\$0.52	+0.56%	+0.61%	-1.39%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$94.50	\$95.00	\$100.00	\$100.00	\$101.00
Current Forward	\$93.39	\$94.07	\$93.91	\$93.48	\$91.78

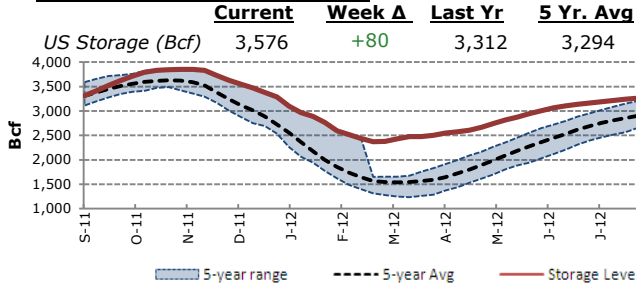
Inventory Levels (as of Sep-21)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	365,180	-2,446	337,426	319,411
Motor Gas	195,828	-481	214,389	200,481
Distillates	127,748	-482	171,756	140,851

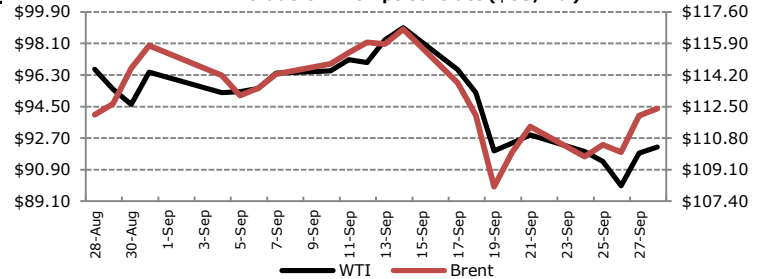
Nymex Natural Gas

(\$US/MMbtu)	28-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.32	+\$0.02	+0.70%	+15.08%	+23.65%
Nov12-Mar13	\$3.65	+\$0.04	+1.05%	+7.31%	+11.75%
Apr13-Oct13	\$3.81	+\$0.03	+0.90%	+5.28%	+10.09%
Nov13-Mar14	\$4.17	+\$0.03	+0.72%	+3.83%	+7.96%
Apr14-Oct14	\$4.11	+\$0.02	+0.48%	+3.07%	+7.67%

Inventory Levels (as of Sep-21)



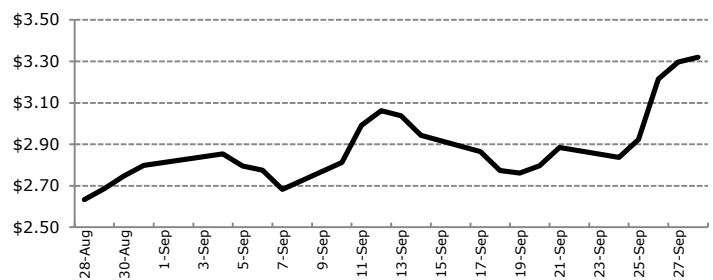
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	28-Sep	day Δ	%Δ	5-day	1-mnth
Prompt	\$112.39	+\$0.38	+0.34%	+0.87%	-0.23%

Nat Gas Prompt (\$US/MMbtu)

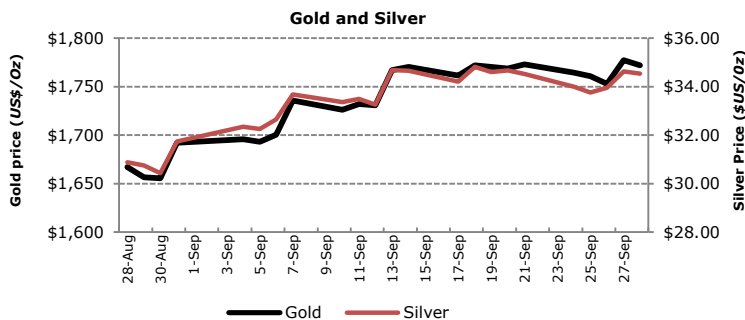


Alberta Natural Gas

(\$CAD/GJ)	28-Sep	day Δ	%Δ
AECO Nov-12	\$2.73	-\$0.09	-3.2%

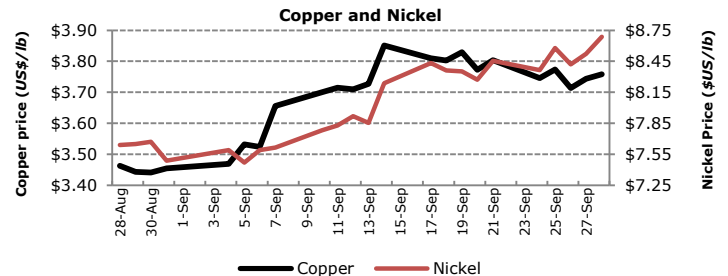
Precious Metals

\$US/oz	28-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,772.10	-\$5.15	-0.3%	-0.1%	+7.0%	+10.9%
Silver	\$34.54	-\$0.09	-0.3%	+0.0%	+12.3%	+25.7%
Platinum	\$1,662	+\$12.25	+0.7%	+1.6%	+9.5%	+14.9%



Industrial Metals

\$US/lb	28-Sep	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.76	+\$0.01	+0.4%	-1.2%	+9.2%	+7.7%
Nickel	\$8.69	+\$0.17	+1.9%	+2.8%	+13.6%	+12.8%
Zinc	\$1.02	+\$0.02	+1.6%	-0.4%	+12.6%	+12.2%
Aluminum	\$0.95	+\$0.01	+1.1%	0.0%	+11.8%	+14.5%
Uranium	\$45.65	-\$0.75	-1.6%	-1.6%	-5.9%	-10.0%



Agriculture & Other

	28-Sep	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.56	+\$0.40	+5.6%	+1.1%	-7.0%
Wheat (\$US/bu)	\$9.03	+\$0.47	+5.5%	+0.6%	-0.4%
Soybeans (\$US/bu)	\$16.01	+\$0.30	+1.9%	-1.3%	-8.7%
Rough Rice (\$US/cwt)	\$15.48	+\$0.31	+2.0%	+1.5%	-0.3%
Sugar #11 (¢US/lb)	¢20.42	¢0.03	+0.1%	+1.7%	+0.2%
Lean Hogs (¢US/lb)	¢73.75	¢0.15	+0.2%	-1.6%	+3.8%
Live Cattle (¢US/lb)	¢124.70	¢0.47	-0.4%	-2.9%	-3.0%
Cotton No.2 (\$US/lb)	\$0.71	-\$0.01	-1.2%	-3.5%	-7.8%
Lumber (\$US/Mbft)	\$279.00	+\$7.80	+2.9%	+0.4%	-1.5%

Commodity ETFs

\$CAD	28-Sep	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.69	-\$0.01	-0.2%	-2.3%	-7.5%
HBP Nat Gas U	\$15.48	+\$0.33	+2.2%	+16.9%	+36.1%
HBP Comex Gold	\$17.70	-\$0.04	-0.2%	-0.1%	+6.9%

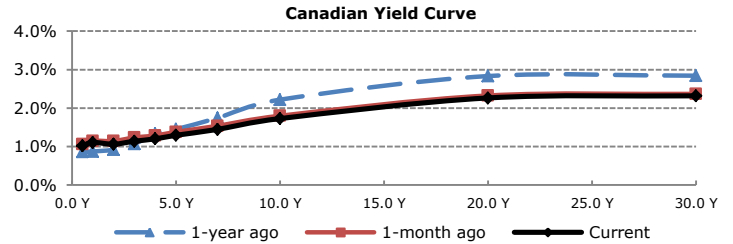
\$USD	28-Sep	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.12	-\$0.03	-0.1%	-1.1%	-3.6%
US Nat Gas	\$21.34	+\$0.24	+1.1%	+8.2%	+18.0%
PSDB Agriculture	\$29.41	+\$0.44	+1.5%	-1.2%	-3.1%
PSDB Base Metals	\$19.80	+\$0.02	+0.1%	-0.6%	+11.3%

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Interest Rates

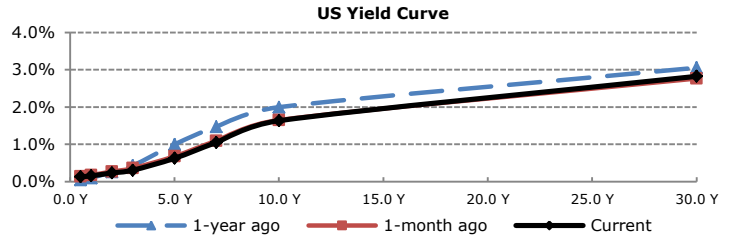
Canadian yield curve

	28-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.98%	-	1.03%	0.87%	0.82%
6-mnth	1.02%	-	1.06%	0.96%	0.86%
12-mnth	1.11%	-	1.15%	0.99%	0.87%
2-year	1.06%	-0.04%	1.15%	1.03%	0.92%
5-year	1.29%	-0.02%	1.38%	1.25%	1.45%
10-year	1.73%	-0.03%	1.80%	1.74%	2.22%
20-year	2.26%	-0.03%	2.33%	2.30%	2.83%
30-year	2.32%	-0.03%	2.37%	2.33%	2.84%

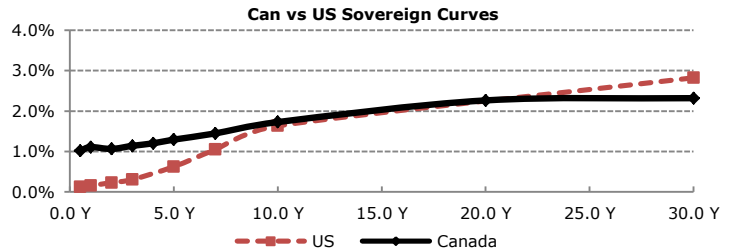
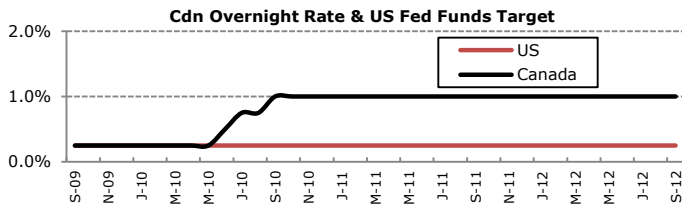


US yield curve

	28-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.09%	+0.01%	0.10%	0.08%	0.01%
6-mnth	0.13%	-	0.14%	0.15%	0.04%
12-mnth	0.15%	-0.01%	0.17%	0.20%	0.10%
2-year	0.23%	-0.02%	0.27%	0.30%	0.26%
5-year	0.63%	-0.02%	0.68%	0.72%	1.00%
10-year	1.63%	-0.02%	1.65%	1.64%	2.00%
30-year	2.82%	-0.02%	2.76%	2.75%	3.05%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	23-Oct-12	1.00%
US Fed Funds	0.25%	0.25%	23-Oct-12	0.25%



Foreign Exchange

(USDCAD implies 1-USD to CAD)

Spot	28-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.984	+0.003	0.993	1.017	1.040
EURUSD	\$1.286	-0.005	1.251	1.258	1.338
USDJPY	¥77.96	+0.350	78.63	79.51	76.73
GBPUSD	\$1.617	-0.007	1.579	1.569	1.556
AUDUSD	\$1.038	-0.006	1.029	1.025	0.977

Spot	28-Sep	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥79.23	+0.091	79.22	78.17	73.83
CADAUD	\$0.980	+0.003	0.979	0.959	0.985
GBPCAD	£1.590	-0.002	1.567	1.596	1.618
EURJPY	¥100.21	+0.010	98.33	100.00	102.66
EURAUD	\$1.24	+0.003	1.22	1.23	1.37

Economic Releases

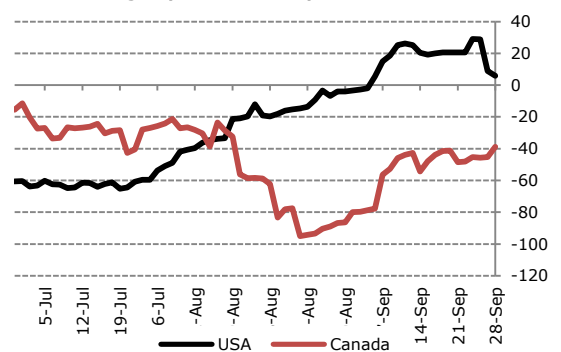
United States

Date	Release	Period	Survey	Actual	Prior
Mon, Oct 01	ISM Manufacturing	31-Aug	49.7	--	49.6
Wed, Oct 03	MBA Mortgage Applications	28-Sep	--	--	2.8%
Thu, Oct 04	Factory Orders	31-Aug	-5.9%	--	2.8%
Thu, Oct 04	Continuing Claims	22-Sep	3275K	--	3271K
Thu, Oct 04	Initial Jobless Claims	29-Sep	370K	--	359K
Fri, Oct 05	Nonfarm Payroll	30-Sep	115K	--	96K
Fri, Oct 05	Unemployment Rate	30-Sep	8.2%	--	8.1%

Canada

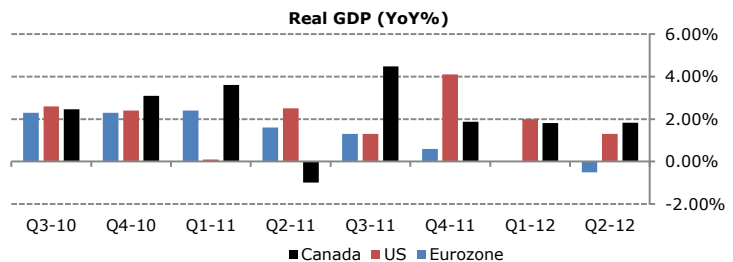
Date	Release	Period	Survey	Actual	Prior
Fri, Oct 05	Building Permits (MoM)	31-Aug	-1.3%	--	-2.5%
Fri, Oct 05	Net Change in Employment	30-Sep	10K	--	34.3K
Fri, Oct 05	Unemployment	30-Sep	7.3%	--	7.3%

Citigroup Economic Surprise Index



Economics

Country	Q3-11	Q4-11	Q1-12	Q2-12	2012E
Canada					
Real GDP	4.48%	1.87%	1.81%	1.82%	2.00%
CPI	3.00%	2.70%	2.33%	1.57%	1.75%
Unemployment	7.20%	7.50%	7.20%	7.20%	7.30%
US					
Real GDP	1.30%	4.10%	2.00%	1.30%	2.20%
CPI	3.77%	3.30%	2.83%	1.90%	2.00%
Unemployment	9.00%	8.50%	8.20%	8.20%	8.20%
China					
Real GDP	9.10%	8.90%	8.10%	7.60%	7.70%



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