

## Today's Commentary

Equity markets experienced a selloff yesterday amid an alarming IMF report and a pessimistic view on the earnings season, which started yesterday with Alcoa – who cut forecasts due to the Chinese slowdown. The S&P/TSX shrank by 1.17%, while the S&P500 and Dow retreated 0.99% and 0.8%, respectively. Oil skyrocketed as the conflict between Turkey and Syria continued to escalate. WTI crude leaped 3.43% to \$92.43/barrel by markets close yesterday, but has since fallen to \$92.00. Yields on 10 year US treasuries declined to 1.71%, with a complementary advance in the US dollar. The IMF report, which lambasted European policy efforts to contain the fiscal crisis, caused a drop in the Euro. Some of this lost territory was recovered, however, after Italian and French industrial production unexpectedly rose. The blockbuster merger between EADS and BAE fell through the cracks due to government resistance. This deal would have created the largest aerospace and defense company in the globe.

The International Monetary Fund released their semiannual Global Financial Stability Report yesterday, describing an “alarmingly high” risk of a worsening global economy. The report chided the approach taken by European policy makers to contain the looming fiscal crisis, claiming that banks could be required to sell off up to \$4.5 trillion in assets through 2013 in a deleveraging effort. Mounting threats to growth and stability in the European and US economies have led to cuts in the IMF’s global growth outlook. Predictions now show that 2012 will be the slowest year globally since 2009 as the growth outlook was slashed from 3.5% to 3.3% in the IMF’s report, with 2013 predictions also falling from 3.9% to 3.5%. The report when on to urge US politicians to change the fiscal cliff trigger sanctions; those sanctions that include automatic tax hikes and spending cuts which, according to the IMF, will send the US into a deep recession.

German Chancellor Angela Merkel is visiting Athens for the first time in five years and brought a strong message for Greek Prime Minister Antonis Samaras: keep austerity measures in place, or don’t keep the euro. Merkel, who has now become the face of austerity in Greece, reaffirmed her desire to keep Greece within the Eurozone, but warned that it will be a long path to recovery. Her press conference with Samaras was met with mass protests by a country that is now in its fifth year of recession.

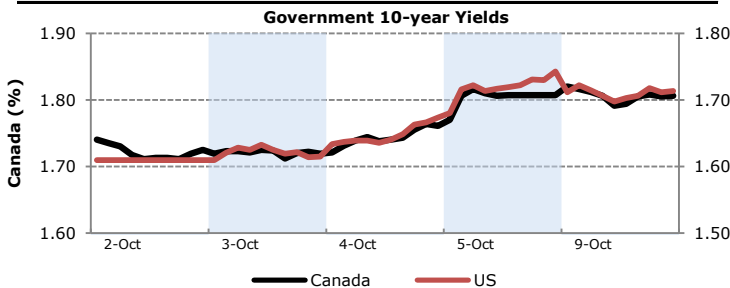
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

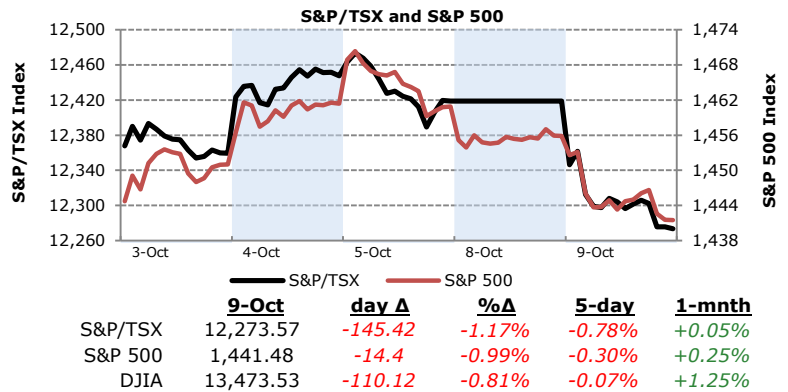
United States	Period	Survey	Actual	Prior
MBA Mortgage Applications	5-Oct	--	-1.2%	16.6%

Canada	Period	Survey	Actual	Prior
None Scheduled				

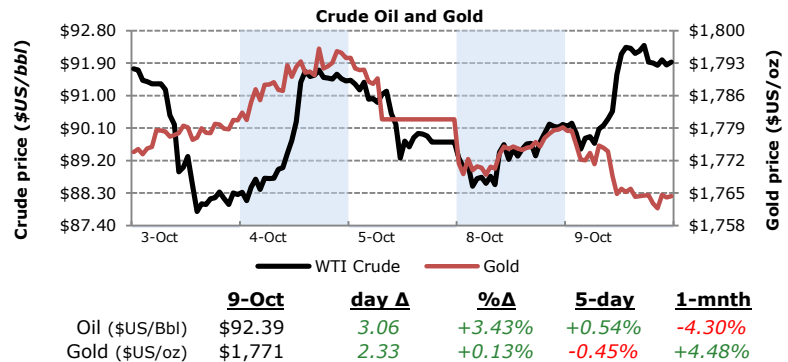
## Interest Rates



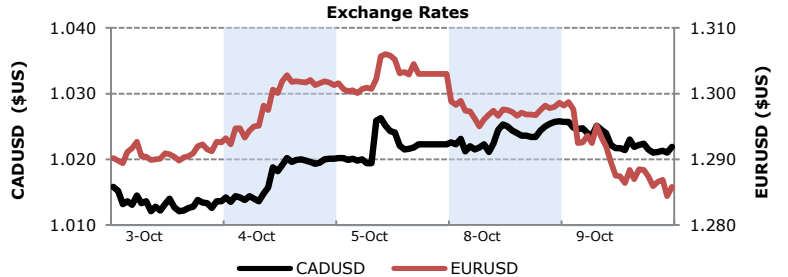
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	9-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.977	-0.002	0.983	0.977	1.009
EURUSD	\$1.293	-0.002	1.292	1.278	1.385
USDJPY	¥78.25	+0.060	78.130	78.30	76.79

	9-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Government 10-year Yields					
Canada	1.81%	-0.001%	1.86%	1.68%	2.24%
United States	1.71%	-0.030%	1.67%	1.52%	2.08%

## 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.

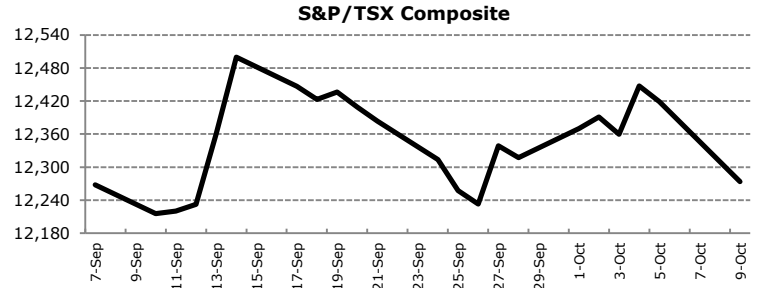
<http://www.rotman.utoronto.ca/financeassociation>

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	<b>9-Oct</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,273.57	-145.42	-1.17%
<b>Trailing S&amp;P/TSX</b>			
5-day		-0.78%	-0.82%
1-month		+0.05%	-0.22%
3-months		+5.49%	+5.38%
6-months		+2.12%	+2.22%
12-months		+5.91%	+5.31%



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.31%	-0.48%	-0.60%	+11.60%
C. Staples	-0.61%	+0.20%	-1.63%	+15.74%
Energy	-0.57%	-1.23%	-1.10%	+6.70%
Financials	-0.63%	+0.20%	+0.88%	+7.93%
Healthcare	-1.86%	-0.99%	-6.94%	+25.51%
Info Tech	-1.69%	-0.81%	-1.06%	-11.57%
Industrials	-1.06%	+0.90%	+0.84%	+19.42%
Materials	-2.62%	-2.87%	+1.69%	-7.19%
Metals & Mining	-1.01%	+1.32%	-1.49%	-2.52%
Telecom	-1.04%	+0.21%	-0.18%	+12.36%
Utilities	-0.44%	-0.31%	+1.88%	+0.35%

**TSX Top Performers**

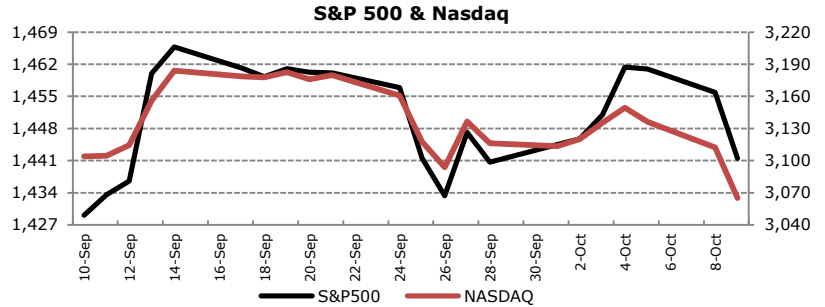
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Crew Energy Inc		+5.03%	+0.51%	+11.53%	-17.48%
Precision Drilling Corp		+2.75%	-0.76%	-3.80%	-17.82%
Transcontinental Inc-Cl A		+2.42%	+8.30%	+7.38%	-20.73%
Chorus Aviation Inc - B		+2.40%	-7.07%	-7.57%	-8.56%
Trilogy Energy Corp		+1.73%	+3.63%	+23.90%	+2.06%

**TSX Worst Performers**

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Fortuna Silver Mines Inc		-7.63%	-10.51%	-11.54%	-17.71%
Niko Resources Ltd		-6.48%	+2.97%	+14.62%	-63.70%
Endeavour Silver Corp		-6.17%	-7.81%	-5.88%	-3.96%
Silver Standard Resources		-5.95%	-6.62%	-2.90%	-23.10%
Banro Corporation		-5.66%	-0.66%	-7.02%	+8.43%

**US Indices**

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing 9-Oct	1,441.48	13,473.53	3,065.02
1-day	-0.99%	-0.81%	-1.52%
5-day	-0.30%	-0.07%	-1.76%
1-month	+0.25%	+1.25%	-2.28%
3-months	+6.58%	+5.79%	+4.55%
6-months	+4.29%	+4.21%	+0.59%
12-months	+24.75%	+21.35%	+23.62%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-1.54%	+0.17%	+0.22%	+29.03%
C. Staples	-0.89%	-0.10%	+1.13%	+20.12%
Energy	+0.01%	-0.12%	+1.11%	+20.88%
Financials	-0.78%	+1.38%	+1.78%	+34.83%
Healthcare	-1.22%	+0.12%	+3.12%	+27.69%
Info Tech	-1.33%	-2.48%	-3.48%	+23.25%
Industrials	-1.16%	-0.19%	-0.16%	+22.48%
Materials	-1.05%	+0.04%	-0.16%	+18.59%
Telecom	-1.27%	-0.81%	+1.17%	+29.33%
Utilities	-0.08%	+0.99%	+1.23%	+10.19%

**DJIA Top Performers**

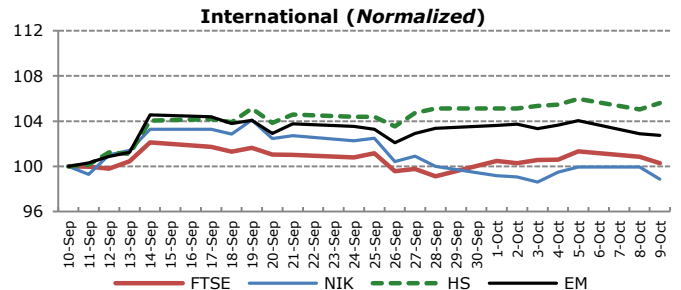
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Mcdonald'S Corp		+0.62%	+1.30%	+1.20%	+4.07%
Alcoa Inc		+0.11%	+3.16%	+0.33%	-9.51%
Boeing Co/The		+0.10%	+1.60%	-3.09%	+10.32%

**DJIA Worst Performers**

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Intel Corp		-2.71%	-4.12%	-9.47%	-4.28%
Microsoft Corp		-1.68%	-1.28%	-5.40%	+8.69%
Walt Disney Co/The		-1.57%	-0.25%	-0.44%	+56.09%

**International Markets**

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing Last Close	5,810.25	8,769.59	20,937.28	996.59
1-day	-0.54%	-1.06%	+0.54%	-0.13%
5-day	+0.01%	-0.31%	+0.46%	-0.96%
1-month	+0.27%	-1.15%	+5.73%	+2.87%
3-months	+3.25%	-1.43%	+7.77%	+6.51%
6-months	+1.51%	-8.14%	+1.67%	-2.89%
12-months	+9.56%	+1.91%	+18.24%	+12.75%



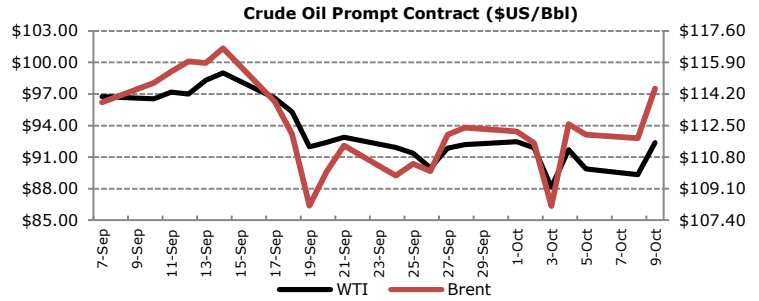
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### Nymex WTI Crude Oil

(\$US/Bbl)	9-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.39	+\$3.06	+3.43%	+0.54%	-4.30%
Cal 13	\$94.26	+\$2.92	+3.19%	+0.70%	-2.06%
Cal 14	\$92.30	+\$2.22	+2.46%	+0.29%	-0.38%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$97.50	\$99.50	\$100.50	\$100.50	\$101.00
Current Forward	\$93.70	\$94.55	\$94.58	\$94.21	\$92.30



### Inventory Levels (as of Sep-28)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	364,698	-482	337,426	319,411
Motor Gas	195,942	+114	214,389	200,481
Distillates	124,059	-3,689	171,756	140,851

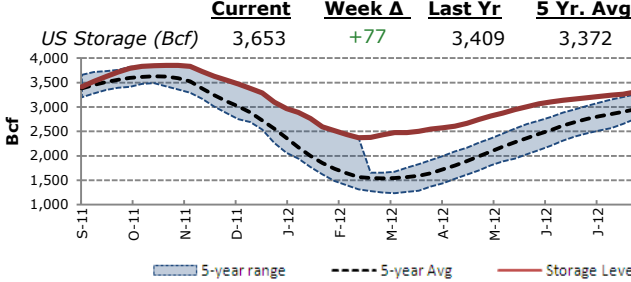
### UK Brent Crude Oil

(\$US/Bbl)	9-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$114.50	+\$2.68	+2.34%	+2.63%	-0.27%

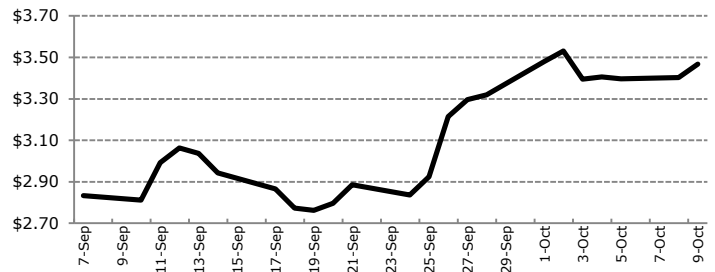
### Nymex Natural Gas

(\$US/MMbtu)	9-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.47	+\$0.06	+1.88%	-1.81%	+23.29%
Nov12-Mar13	\$3.80	+\$0.07	+1.77%	+0.05%	+19.48%
Apr13-Oct13	\$3.95	+\$0.06	+1.48%	+1.35%	+16.70%
Nov13-Mar14	\$4.31	+\$0.05	+1.19%	+1.36%	+13.67%
Apr14-Oct14	\$4.21	+\$0.04	+0.87%	+1.23%	+12.52%

### Inventory Levels (as of Sep-28)



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



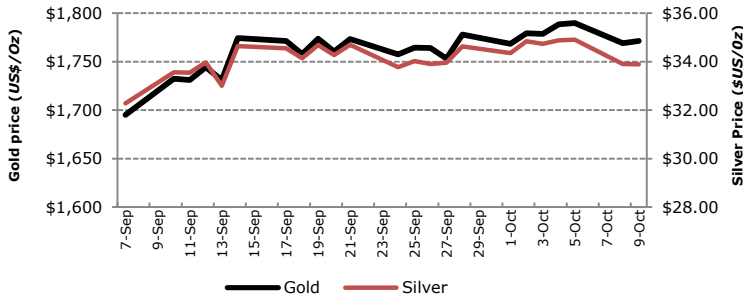
### Alberta Natural Gas

(\$CAD/GJ)	9-Oct	day Δ	%Δ
AECO Nov-12	\$3.02	+\$0.06	+2.0%

### Precious Metals

\$US/oz	9-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,771.25	+\$2.33	+0.1%	-0.4%	+4.5%	+12.2%
Silver	\$33.89	-\$0.01	-0.0%	-2.7%	+5.0%	+24.8%
Platinum	\$1,694	+\$10.51	+0.6%	+1.3%	+7.2%	+18.5%

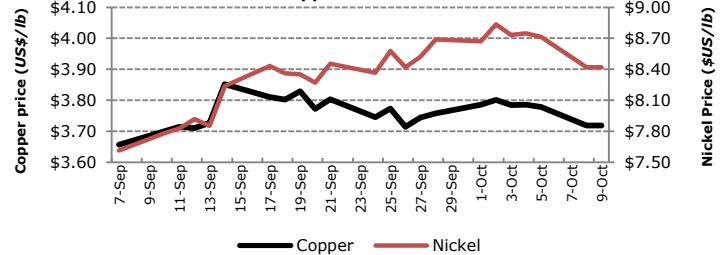
### Gold and Silver



### Industrial Metals

\$US/lb	9-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.72	+\$0.00	0.0%	-2.2%	+1.7%	+8.0%
Nickel	\$8.42	+\$0.00	0.0%	-4.7%	+10.6%	+11.3%
Zinc	\$0.98	-\$0.00	-0.1%	-4.4%	+4.0%	+8.1%
Aluminum	\$0.93	+\$0.00	0.0%	-3.1%	+3.3%	+9.4%
Uranium	\$45.00	-\$0.75	-1.6%	-2.0%	-6.3%	-11.3%

### Copper and Nickel



### Agriculture & Other

	9-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.42	+\$0.00	+0.0%	-2.1%	-7.2%
Wheat (\$US/bu)	\$8.64	+\$0.03	+0.4%	-0.8%	-4.5%
Soybeans (\$US/bu)	\$15.50	-\$0.01	-0.1%	+1.3%	-10.7%
Rough Rice (\$US/cwt)	\$15.23	-\$0.14	-0.9%	-0.9%	+1.8%
Sugar #11 (¢US/lb)	¢21.47	¢0.05	+0.2%	-0.6%	+7.8%
Lean Hogs (¢US/lb)	¢76.80	¢0.08	-0.1%	-0.1%	+8.9%
Live Cattle (¢US/lb)	¢126.73	¢0.32	+0.3%	+0.3%	-1.9%
Cotton No.2 (\$US/lb)	\$0.72	+\$0.00	+0.1%	-0.0%	-5.8%
Lumber (\$US/Mbft)	\$272.80	-\$1.70	-0.6%	-3.2%	-0.8%

### Commodity ETFs

\$CAD	9-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.67	+\$0.21	+4.7%	-1.0%	-10.3%
HBP Nat Gas U	\$16.93	+\$0.86	+5.4%	+0.1%	+49.0%
HBP Comex Gold	\$17.61	-\$0.16	-0.9%	-0.6%	+1.4%

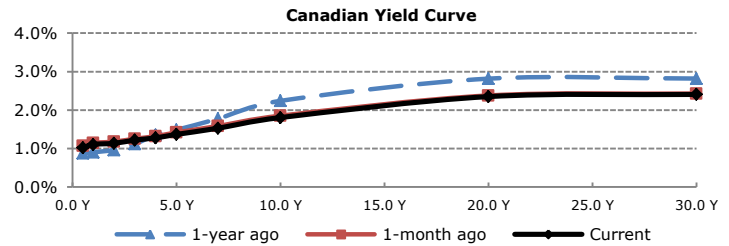
\$USD	9-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.18	+\$0.96	+2.9%	+0.5%	-4.7%
US Nat Gas	\$22.36	+\$0.47	+2.1%	-1.1%	+23.4%
PSDB Agriculture	\$29.18	+\$0.07	+0.2%	-1.3%	-3.5%
PSDB Base Metals	\$19.26	-\$0.22	-1.1%	-3.2%	+1.6%

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## Interest Rates

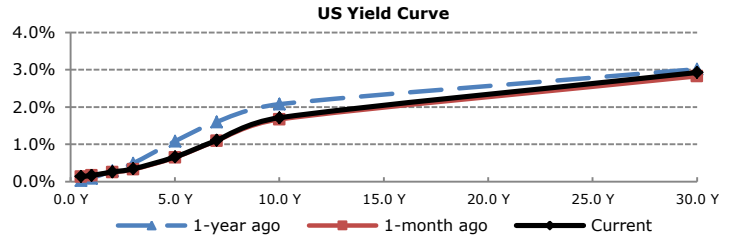
### Canadian yield curve

	9-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.96%	-	1.00%	0.86%	0.85%
6-mnth	1.02%	-	1.07%	0.92%	0.88%
12-mnth	1.11%	-	1.15%	0.94%	0.90%
2-year	1.14%	-0.00%	1.18%	1.00%	0.97%
5-year	1.37%	-0.00%	1.42%	1.21%	1.49%
10-year	1.81%	-0.00%	1.86%	1.68%	2.24%
20-year	2.35%	-	2.38%	2.24%	2.82%
30-year	2.41%	+0.00%	2.43%	2.28%	2.82%

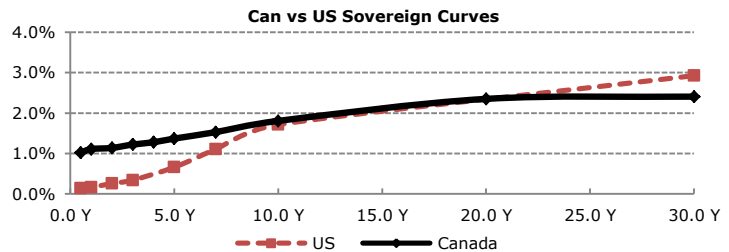
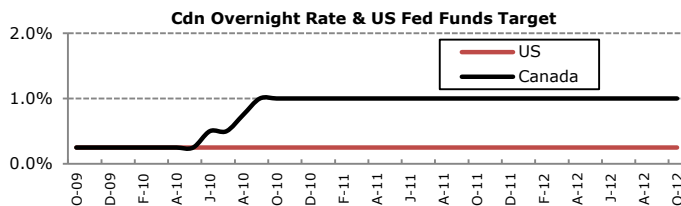


### US yield curve

	9-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.10%	-	0.10%	0.09%	0.01%
6-mnth	0.14%	-	0.13%	0.14%	0.03%
12-mnth	0.16%	-	0.16%	0.18%	0.09%
2-year	0.26%	-	0.25%	0.26%	0.29%
5-year	0.66%	-0.01%	0.64%	0.64%	1.08%
10-year	1.71%	-0.03%	1.67%	1.52%	2.08%
30-year	2.93%	-0.05%	2.82%	2.61%	3.02%



	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)

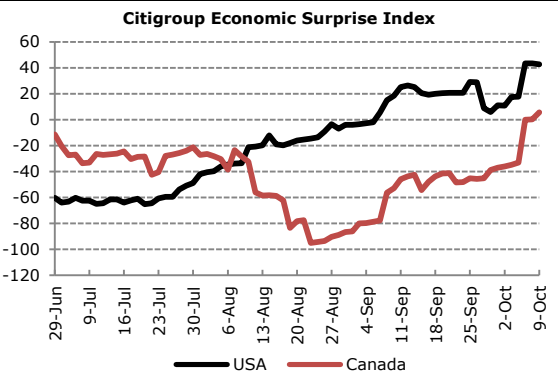
Spot	9-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.977	-0.002	0.977	1.018	1.009
EURUSD	\$1.293	-0.002	1.278	1.229	1.385
USDJPY	¥78.25	+0.060	78.30	79.25	76.79
GBPUSD	\$1.602	-0.003	1.599	1.556	1.580
AUDUSD	\$1.021	+0.003	1.035	1.027	1.034

Spot	9-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥80.09	+0.197	80.17	77.85	76.09
CADAUD	\$1.002	-0.001	0.989	0.956	0.958
GBPCAD	£1.565	-0.006	1.562	1.584	1.595
EURJPY	¥101.14	-0.120	100.10	97.38	106.32
EURAUD	\$1.27	-0.006	1.24	1.20	1.34

## Economic Releases

### United States

Date	Release	Period	Survey	Actual	Prior
Wed, Oct 10	MBA Mortgage Applications	5-Oct	--	-1.2%	16.6%
Thu, Oct 11	Continuing Claims	29-Sep	3275K	--	3271K
Thu, Oct 11	Initial Jobless Claims	6-Oct	370K	--	367K
Thu, Oct 11	Trade Balance	31-Aug	-44B	--	-42B
Fri, Oct 12	Producer Price Index (MoM)	30-Sep	0.8%	--	1.7%

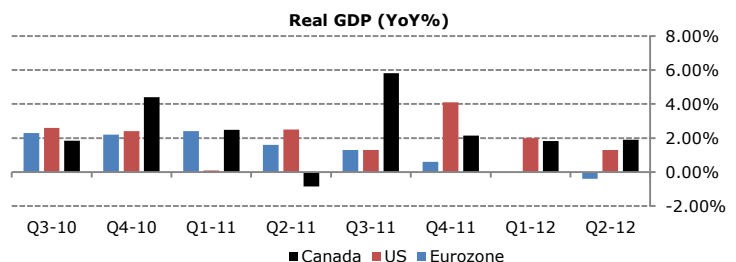


### Canada

Date	Release	Period	Survey	Actual	Prior
Tue, Oct 09	Housing Starts	30-Sep	205K	220,215	220,215K

## Economics

	Q3-11	Q4-11	Q1-12	Q2-12	2012E
<b>Canada</b>					
Real GDP	5.81%	2.15%	1.82%	1.90%	2.00%
CPI	3.00%	2.70%	2.33%	1.57%	1.80%
Unemployment	7.20%	7.50%	7.20%	7.20%	7.30%
<b>US</b>					
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%
<b>China</b>					
Real GDP	9.10%	8.90%	8.10%	7.60%	7.70%



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