

Today's Commentary

Equity markets remained relatively calm yesterday, with most equity indices remaining relatively flat. The S&P 500 barely managed to snap its three day losing streak, gaining a marginal 0.02% on the day despite a continued free fall in Apple shares. The Dow declined 0.14%, while the S&P/TSX gained 0.18%. Oil rose slightly on the day, helping to back the energy sector's gain of 0.57%. US stock futures are up this morning on optimistic expectations on a consumer confidence report.

Asian countries continue to worsen their economic outlook for the remainder of 2012 and into 2013. Japan has revised its prediction for industrial output to a decrease in 3% for Q3 2012. If this forecast is correct, it will follow a decline of 2% in Q2 industrial output. Economy Minister Seiji Maehara said he gained "an extreme sense of crisis" after this downgrade, the third in as many months for Japan. China is also continuing to suffer from the global economic slowdown; the country experienced an unexpected drop in auto sales, while money-market rates jumped. These troubling statistics dragged the benchmark Shanghai Composite Index down 0.8% yesterday to close at its lowest level in over two weeks. The yuan climbed above the 6.28 per USD mark for the first time in 19 years as speculation of Chinese government action to revive economic growth.

Standard & Poor's downgrade of Spain's sovereign credit rating from BBB+ to BBB-, just one step above non-investment grade, has furthered the pressure felt by Prime Minister Rajoy to seek further Eurozone aid. This latest downgrade has made it possible for the ECB to start a new bond buying regime that would contain Spain's borrowing cost; however, they first need a request for help from the country. Investors are betting on Spain reluctantly making this request to the ECB, as the yield on Spanish 10-year bonds fell to 5.75% from 5.93% and the euro increased relative to the USD.

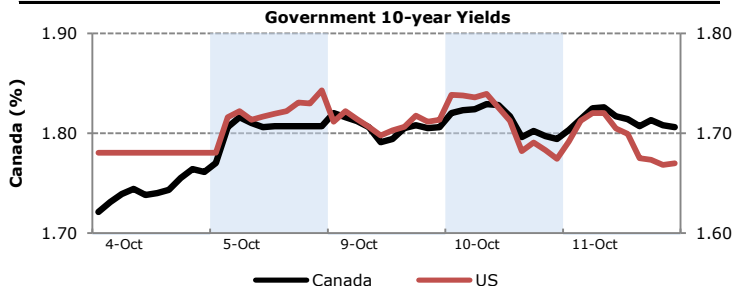
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

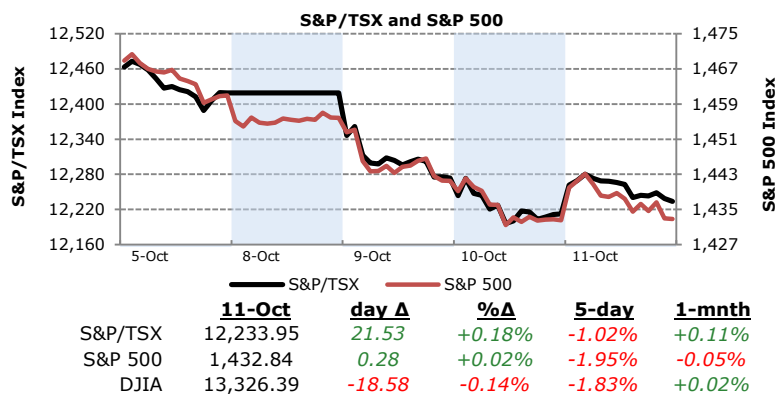
United States	Period	Survey	Actual	Prior
Producer Price Index (MoM)		0.8%	1.1%	1.7%

Canada	Period	Survey	Actual	Prior
None Scheduled				

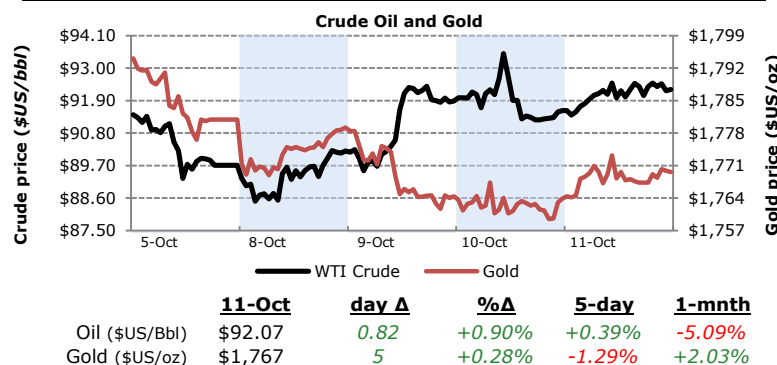
Interest Rates



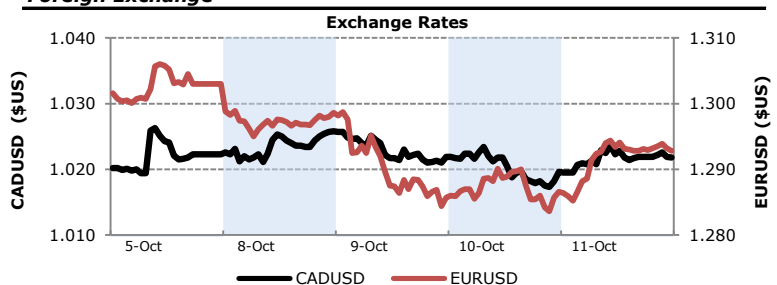
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	11-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.979	-0.003	0.980	0.976	1.007
EURUSD	\$1.293	+0.005	1.302	1.290	1.390
USDJPY	¥78.34	+0.160	78.480	77.86	76.29

	Government 10-year Yields		Historical levels		
	11-Oct	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.81%	0.012%	1.86%	1.64%	2.35%
United States	1.67%	-0.004%	1.70%	1.49%	2.21%

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.

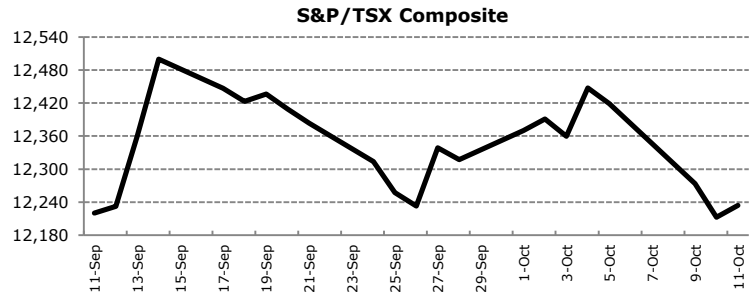
<http://www.rotman.utoronto.ca/financeassociation>

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	11-Oct	day Δ	%Δ
S&P/TSX	12,233.95	21.53	+0.18%
Trailing S&P/TSX TSX 60			
5-day	-1.02%	-1.01%	
1-month	+0.11%	-0.19%	
3-months	+5.97%	+5.88%	
6-months	+1.72%	+1.98%	
12-months	+3.02%	+2.57%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.11%	-1.81%	-0.83%	+9.35%
C. Staples	+0.11%	+0.32%	-1.08%	+14.45%
Energy	+0.57%	-1.21%	-1.89%	+2.61%
Financials	+0.04%	-0.51%	+0.58%	+5.41%
Healthcare	+1.11%	-1.58%	+2.33%	+23.53%
Info Tech	+0.13%	-2.64%	-2.15%	-13.73%
Industrials	-0.12%	-0.77%	-0.39%	+16.52%
Materials	+0.31%	-1.29%	+3.69%	-10.09%
Metals & Mining	+1.34%	+0.71%	-2.00%	-5.49%
Telecom	+0.00%	-0.35%	-0.45%	+10.98%
Utilities	-0.74%	-1.64%	-0.10%	-3.17%

TSX Top Performers

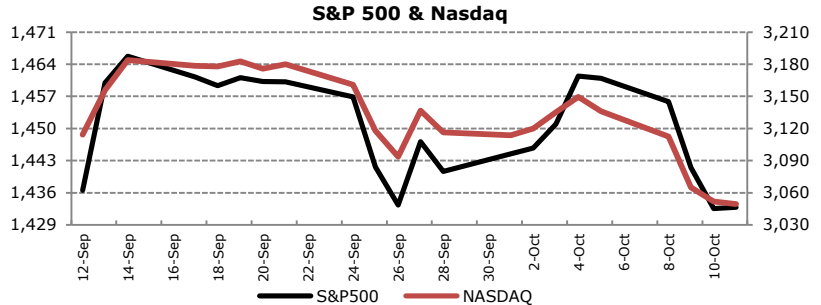
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Thompson Creek Metals Co	+10.57%	+4.21%	-11.40%	-62.99%
Fortuna Silver Mines Inc	+5.93%	+1.21%	-0.40%	-16.11%
Oceanagold Corp	+5.68%	+4.36%	+19.64%	+26.89%
Nevsun Resources Ltd	+4.98%	+0.65%	+5.45%	-15.64%
Cott Corporation	+4.21%	+3.68%	-0.49%	+6.80%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Petrobakken Energy Ltd-A	-6.12%	-7.93%	-6.73%	+60.92%
Petrobakken Energy & Resour	-5.93%	-7.30%	-3.72%	+59.42%
Lake Shore Gold Corp	-5.26%	-7.22%	-12.62%	-45.45%
Aecon Group Inc	-4.89%	-2.35%	-3.83%	+59.74%
Chorus Aviation Inc - B	-3.82%	-0.61%	-12.80%	-7.89%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
11-Oct	1,432.84	13,326.39	3,049.42
1-day	+0.02%	-0.14%	-0.08%
5-day	-1.95%	-1.83%	-3.18%
1-month	-0.05%	+0.02%	-1.78%
3-months	+6.81%	+5.73%	+5.59%
6-months	+4.69%	+4.07%	+1.09%
12-months	+19.85%	+16.73%	+18.06%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.47%	-2.61%	-0.70%	+22.85%
C. Staples	-0.32%	-1.58%	+0.82%	+17.70%
Energy	+0.60%	-1.20%	-0.56%	+14.27%
Financials	+0.52%	-0.28%	+2.46%	+29.08%
Healthcare	+0.06%	-1.88%	+2.79%	+24.15%
Info Tech	-0.29%	-3.71%	-3.04%	+17.60%
Industrials	+0.30%	-1.64%	-0.58%	+17.12%
Materials	+0.31%	-1.40%	-0.98%	+12.88%
Telecom	-0.95%	-3.93%	-1.09%	+26.22%
Utilities	+0.09%	-0.35%	+1.52%	+8.98%

DJIA Top Performers

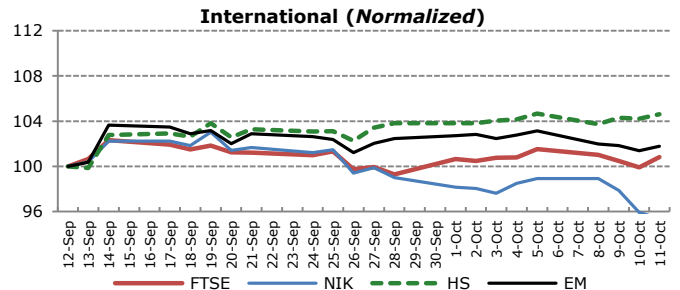
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Bank Of America Corp	+1.41%	-0.74%	+8.86%	+41.95%
Unitedhealth Group Inc	+0.96%	-0.53%	+7.29%	+24.32%
American Express Co	+0.86%	+0.17%	+1.65%	+24.32%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
At&T Inc	-1.79%	-5.43%	-3.10%	+25.08%
Walt Disney Co/The	-1.70%	-4.35%	-2.29%	+49.11%
Verizon Communications In	-1.27%	-4.36%	+2.59%	+23.26%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,829.75	8,546.78	20,999.05	995.95
1-day	+0.92%	-0.58%	+0.38%	+0.39%
5-day	+0.03%	-2.29%	+0.44%	-0.95%
1-month	+0.65%	-2.96%	+5.75%	+2.35%
3-months	+2.92%	-3.44%	+8.13%	+6.82%
6-months	+3.46%	-9.64%	+4.26%	-1.99%
12-months	+8.04%	-2.59%	+15.75%	+9.51%

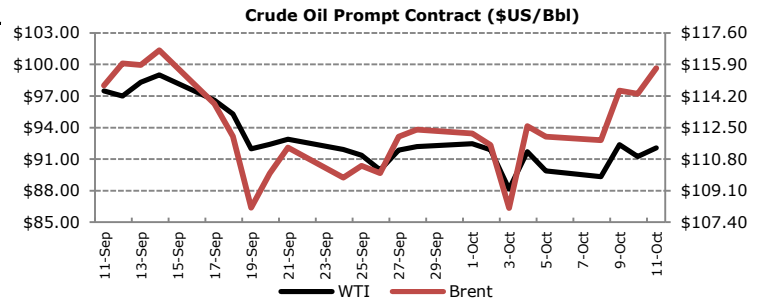


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Nymex WTI Crude Oil

(\$US/Bbl)	11-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.07	+\$0.82	+0.90%	+0.39%	-5.09%
Cal 13	\$94.25	+\$0.95	+1.02%	+1.06%	-2.21%
Cal 14	\$92.50	+\$0.88	+0.95%	+1.12%	-0.58%

(\$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	\$93.46	\$94.46	\$94.68	\$94.42	\$92.50



Inventory Levels (as of Oct-05)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	366,370	+1,672	337,426	319,411
Motor Gas	195,408	-534	214,389	200,481
Distillates	120,882	-3,177	171,756	140,851

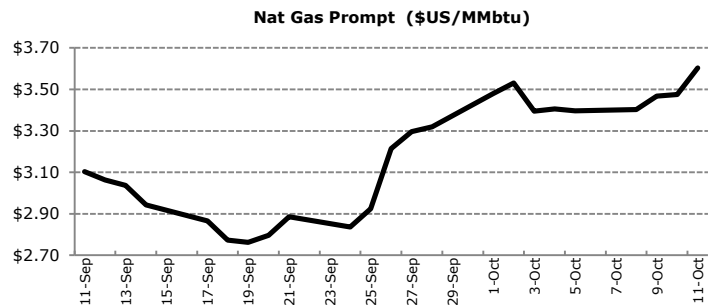
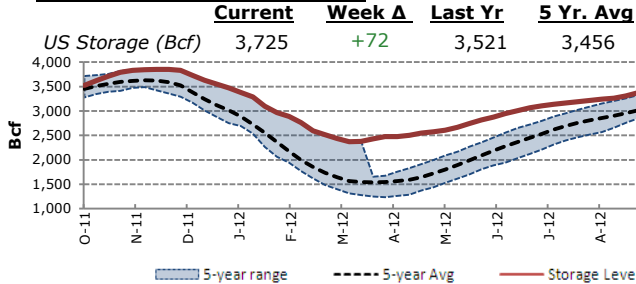
UK Brent Crude Oil

(\$US/Bbl)	11-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$115.71	+\$1.38	+1.19%	+2.78%	-0.22%

Nymex Natural Gas

(\$US/MMbtu)	11-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.60	+\$0.13	+3.71%	+5.81%	+17.66%
Nov12-Mar13	\$3.91	+\$0.11	+2.86%	+5.52%	+23.36%
Apr13-Oct13	\$4.02	+\$0.06	+1.62%	+4.42%	+18.90%
Nov13-Mar14	\$4.36	+\$0.06	+1.34%	+3.76%	+15.48%
Apr14-Oct14	\$4.22	+\$0.03	+0.72%	+2.67%	+13.31%

Inventory Levels (as of Oct-05)

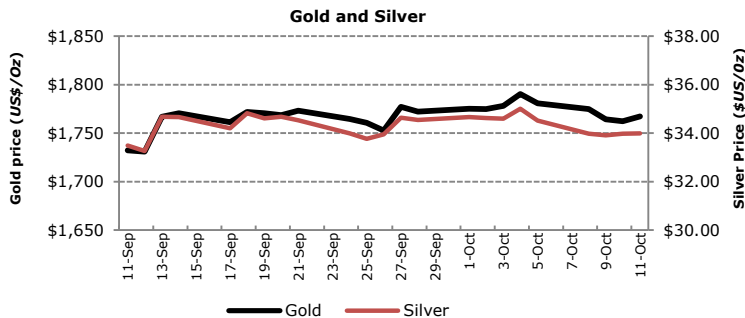


Alberta Natural Gas

(\$CAD/GJ)	11-Oct	day Δ	%Δ
AECO Nov-12	\$3.16	+\$0.13	+4.3%

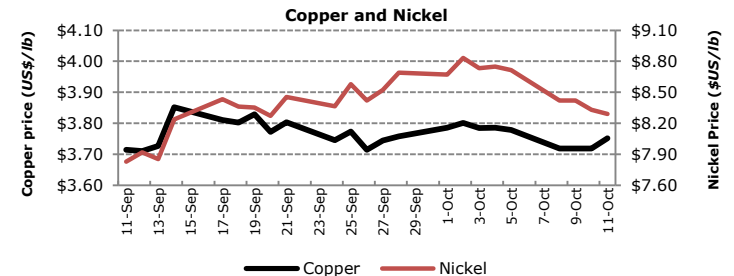
Precious Metals

\$US/oz	11-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,767.35	+\$5.00	+0.3%	-1.3%	+2.0%	+11.2%
Silver	\$33.99	+\$0.01	+0.0%	-2.9%	+1.5%	+24.4%
Platinum	\$1,677	+\$3.50	+0.2%	-2.4%	+4.4%	+17.2%



Industrial Metals

\$US/lb	11-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.75	+\$0.03	+0.9%	-0.9%	+1.0%	+7.2%
Nickel	\$8.29	-\$0.04	-0.5%	-5.2%	+5.9%	+9.5%
Zinc	\$0.96	-\$0.00	-0.1%	-4.7%	-1.2%	+4.0%
Aluminum	\$0.91	+\$0.00	0.0%	-4.2%	-3.2%	+7.1%
Uranium	\$44.00	-\$0.40	-0.9%	-3.8%	-8.3%	-12.3%



Agriculture & Other

	11-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.73	+\$0.37	+5.0%	+2.1%	-0.6%
Wheat (\$US/bu)	\$8.86	+\$0.16	+1.9%	+1.9%	+0.3%
Soybeans (\$US/bu)	\$15.49	+\$0.25	+1.7%	-0.2%	-9.0%
Rough Rice (\$US/cwt)	\$14.98	-\$0.05	-0.3%	-2.6%	+1.7%
Sugar #11 (¢US/lb)	¢20.45	-\$0.81	-3.8%	-5.3%	+1.4%
Lean Hogs (¢US/lb)	¢77.50	-\$0.60	-0.8%	+1.9%	+8.5%
Live Cattle (¢US/lb)	¢125.93	-\$0.65	-0.5%	+0.2%	-3.1%
Cotton No.2 (\$US/lb)	\$0.71	-\$0.01	-1.9%	-1.9%	-5.6%
Lumber (\$US/Mbft)	\$297.90	+\$7.90	+2.7%	+3.0%	+2.5%

Commodity ETFs

\$CAD	11-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.71	+\$0.11	+2.4%	+10.1%	-10.8%
HBP Nat Gas U	\$18.30	+\$1.38	+8.2%	+11.7%	+31.5%
HBP Comex Gold	\$17.69	+\$0.08	+0.5%	-0.4%	+2.3%

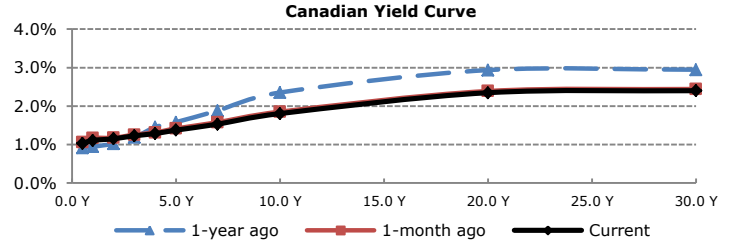
\$USD	11-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.29	+\$0.45	+1.3%	+1.0%	-5.0%
US Nat Gas	\$23.35	+\$1.03	+4.6%	+6.5%	+15.7%
PSDB Agriculture	\$29.18	+\$0.14	+0.5%	-0.4%	-3.3%
PSDB Base Metals	\$19.08	+\$0.08	+0.4%	-3.7%	-1.3%

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Interest Rates

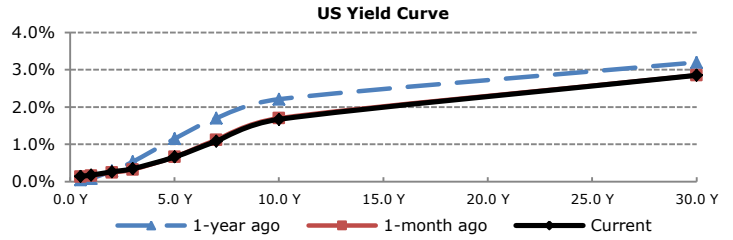
Canadian yield curve

	11-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.98%	-	1.03%	0.87%	0.87%
6-mnth	1.03%	-	1.06%	0.93%	0.91%
12-mnth	1.11%	-	1.17%	0.96%	0.95%
2-year	1.15%	+0.02%	1.18%	0.99%	1.03%
5-year	1.38%	+0.01%	1.42%	1.18%	1.58%
10-year	1.81%	+0.01%	1.86%	1.64%	2.35%
20-year	2.35%	+0.00%	2.39%	2.21%	2.94%
30-year	2.40%	+0.00%	2.44%	2.25%	2.95%

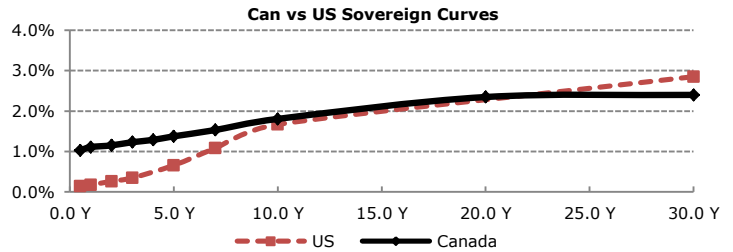
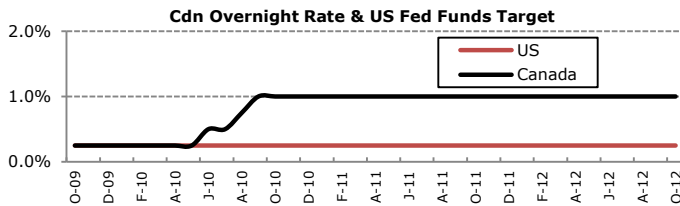


US yield curve

	11-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.10%	-	0.10%	0.08%	0.02%
6-mnth	0.14%	-	0.13%	0.14%	0.04%
12-mnth	0.17%	+0.01%	0.16%	0.17%	0.08%
2-year	0.26%	+0.00%	0.25%	0.24%	0.28%
5-year	0.66%	+0.01%	0.66%	0.62%	1.15%
10-year	1.67%	-0.00%	1.70%	1.49%	2.21%
30-year	2.85%	-0.03%	2.85%	2.57%	3.20%



	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	11-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.979	-0.003	0.976	1.014	1.007
EURUSD	\$1.293	+0.005	1.290	1.225	1.390
USDJPY	¥78.34	+0.160	77.86	79.18	76.29
GBPUSD	\$1.605	+0.004	1.611	1.558	1.595
AUDUSD	\$1.026	+0.003	1.047	1.023	1.038

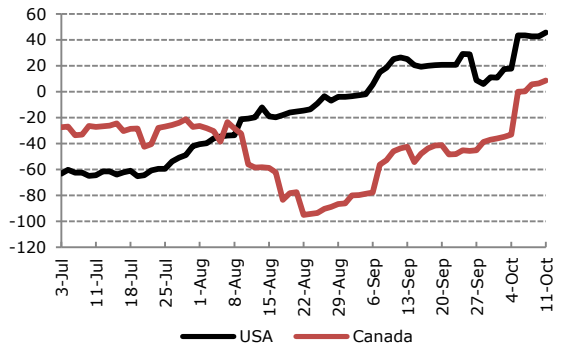
Spot	11-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥80.04	+0.406	79.75	78.08	75.77
CADAUD	\$0.996	+0.000	0.979	0.965	0.958
GBPCAD	£1.570	-0.001	1.572	1.580	1.606
EURJPY	¥101.27	+0.610	100.42	96.98	105.97
EURAUD	\$1.26	+0.001	1.23	1.20	1.34

Economic Releases

United States

	Period	Survey	Actual	Prior
Wed, Oct 10	MBA Mortgage Applications	--	-1.2%	16.6%
Thu, Oct 11	Continuing Claims	3275K	3273K	3281K
Thu, Oct 11	Initial Jobless Claims	370K	339K	367K
Thu, Oct 11	Trade Balance	-44B	-44.2B	-44.2B
Fri, Oct 12	Producer Price Index (MoM)	0.8%	1.1%	1.7%

Citigroup Economic Surprise Index



Canada

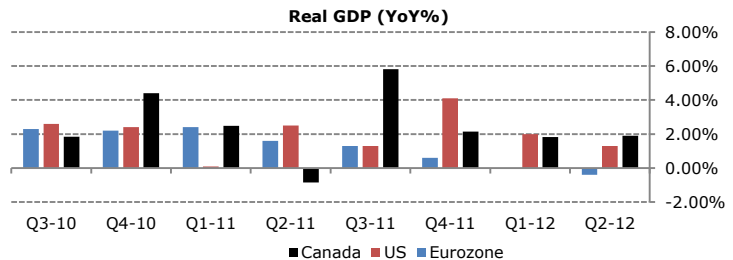
	Period	Survey	Actual	Prior
Tue, Oct 09	Housing Starts	205K	220.215	220.215K

Economics

Canada	Q3-11	Q4-11	Q1-12	Q2-12	2012E
Real GDP	5.81%	2.15%	1.82%	1.90%	2.00%
CPI	3.00%	2.70%	2.33%	1.57%	1.70%
Unemployment	7.20%	7.50%	7.20%	7.20%	7.30%

US	Q3-11	Q4-11	Q1-12	Q2-12	2012E
Real GDP	1.30%	4.10%	2.00%	1.30%	2.10%
CPI	3.77%	3.30%	2.83%	1.90%	2.00%
Unemployment	9.00%	8.50%	8.20%	8.20%	8.10%

China	Q3-11	Q4-11	Q1-12	Q2-12	2012E
Real GDP	9.10%	8.90%	8.10%	7.60%	7.70%



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