

Today's Commentary

North American equity markets finally found some reprieve yesterday as US advanced retail sales beat estimates. The S&P 500 enjoyed its largest gain in two weeks, adding 0.81% on the day. The Dow also had a strong day as it advanced 0.72% on the positive news. The effect of the advanced retail sales performance was somewhat muted in Canada, however, as the Energy and Materials sectors held the S&P/TSX to a gain of just 0.23%. These Canadian sectors were pushed downwards by falling commodities prices, as NYMEX natural gas fell 3.46% and precious and industrial metals continued their slide from Friday. Silver suffered during yesterday's trading session as the precious metal fell 2.4%, followed by a decline of 1% in gold prices. The US dollar was also on the move as it strengthened against the Canadian dollar, Japanese yen, British pound and the euro.

Canadian household debt levels continued to soar in the second quarter, reaching 163.4% of household income - or 63 cents of income per dollar of debt. The escalating debt level has raised red flags among economists. It is the highest debt/income level recorded in Canada, and seems eerily reminiscent of the US and UK economy before the housing bubble burst. Mark Carney said that he would raise interest rates as a "last line of defence" if needed to deter Canadians from further credit based consumption. Carney is expected to keep the overnight lending rate at 1% next week when he releases his quarterly economic forecast.

It appears as though the world may not be able to rely on emerging markets to help combat the global recession as they did three years ago. The International Monetary Fund estimates growth at an average of 5.8% over the next five years for industrializing nations. Markets from Brazil to China are grouped into this slowdown in growth, while many of the developed economies suffer from their own problems. South Korea's chief central banker has called on Asian nations to add stimulus, as China, India and Singapore have thus far resisted monetary policy in favour of guarding against inflation and price risks.

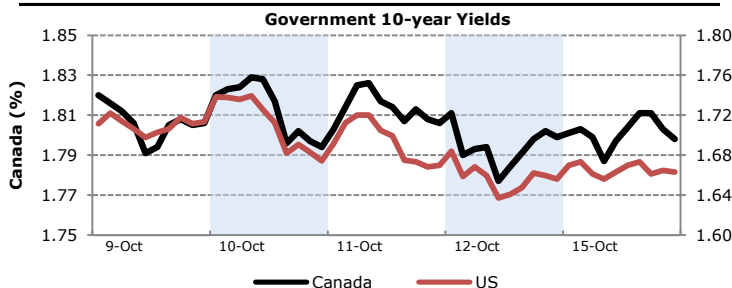
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

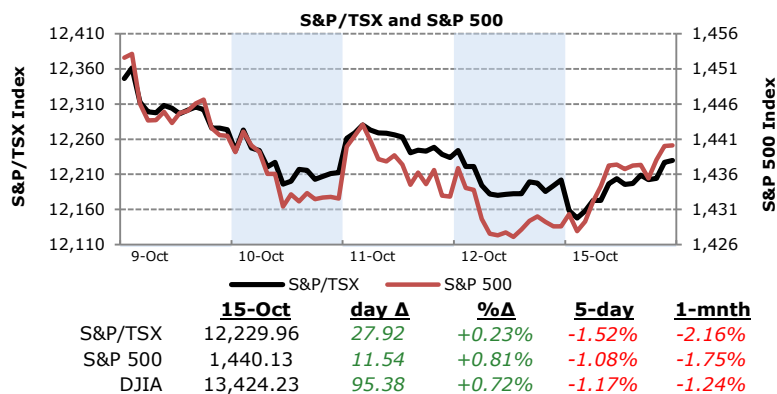
United States	Period	Survey	Actual	Prior
Industrial Production	31-Aug	0.2%	--	-1.2%
Consumer Price Index (MoM)	31-Aug	0.5%	0.6%	0.6%

Canada	Period	Survey	Actual	Prior
Manufacturing Sales (MoM)	31-Jul	0.45%	1.5%	-1.5%

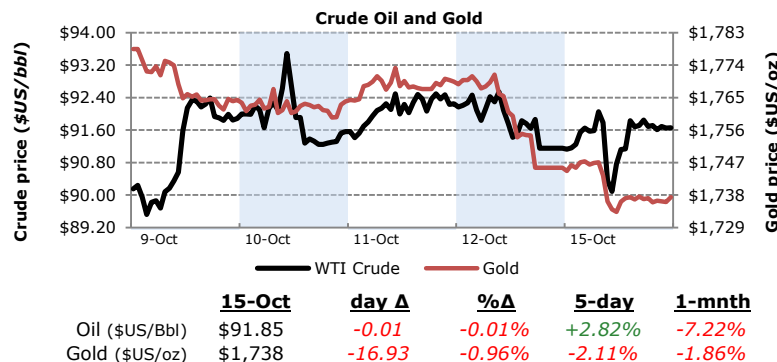
Interest Rates



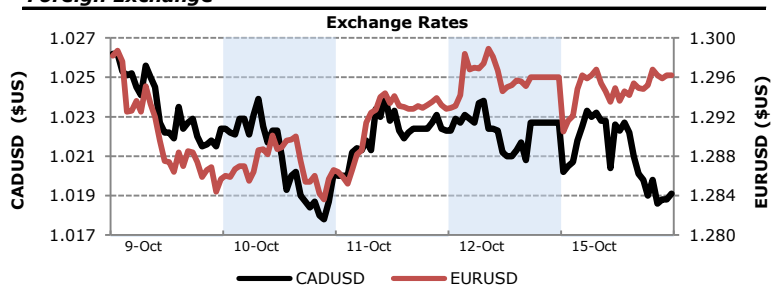
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	15-Oct	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$0.981		+0.001	0.977	0.971	1.017
EURUSD	\$1.295		-0.000	1.297	1.313	1.391
USDJPY	¥78.65		+0.210	78.330	78.39	76.09

	Government 10-year Yields		Historical levels		
	15-Oct	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.80%	-0.001%	1.97%	1.64%	2.40%
United States	1.66%	0.007%	1.87%	1.51%	2.25%

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.

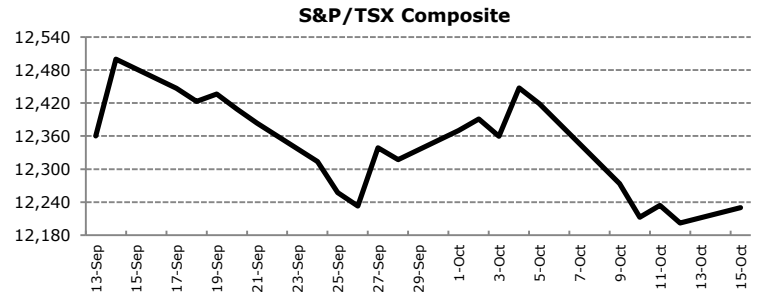
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	15-Oct	day Δ	%Δ
S&P/TSX	12,229.96	27.92	+0.23%
Trailing S&P/TSX			
5-day		-1.52%	-1.49%
1-month		-2.16%	-2.45%
3-months		+6.21%	+6.17%
6-months		+1.57%	+1.92%
12-months		+1.23%	+1.14%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.60%	-1.70%	-1.49%	+10.00%
C. Staples	+0.10%	-0.18%	+0.50%	+13.83%
Energy	-0.10%	-0.91%	-5.16%	-3.01%
Financials	+0.56%	-0.85%	-0.57%	+5.20%
Healthcare	-0.29%	-1.64%	+0.53%	+23.47%
Info Tech	+0.47%	-1.31%	+0.21%	-14.67%
Industrials	+0.67%	-0.89%	-2.00%	+16.38%
Materials	-0.16%	-3.59%	-3.80%	-12.36%
Metals & Mining	-0.07%	-1.04%	-9.21%	-10.36%
Telecom	+0.18%	-1.00%	+1.44%	+9.83%
Utilities	+0.39%	-1.44%	+0.11%	-1.84%

TSX Top Performers

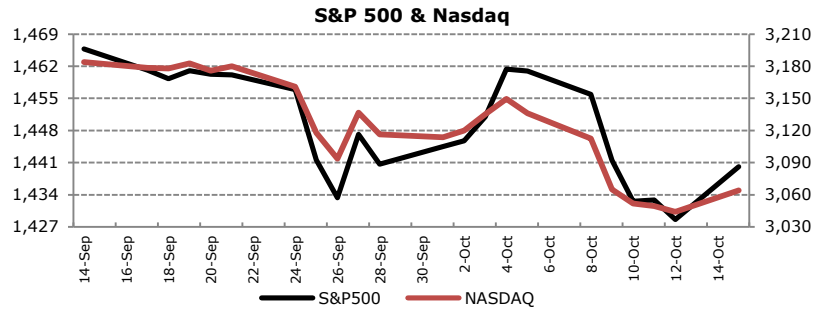
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Superior Plus Corp	+5.61%	+0.43%	+1.73%	+29.93%
Aurico Gold Inc	+3.68%	+12.42%	+10.39%	-30.12%
Gildan Activewear Inc	+3.11%	+0.59%	+5.25%	+17.57%
Linamar Corp	+3.09%	+0.57%	-1.82%	+39.48%
Cae Inc	+2.92%	+0.28%	+0.76%	+7.30%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Argonaut Gold Inc	-7.92%	-10.98%	-5.95%	+67.53%
Niko Resources Ltd	-7.35%	-19.04%	+31.84%	-70.10%
Turquoise Hill Resources	-5.14%	-4.36%	-14.97%	-51.85%
Detour Gold Corp	-4.14%	-7.22%	-4.32%	-8.18%
Denison Mines Corp	-3.68%	-5.76%	-7.75%	+23.95%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
15-Oct	1,440.13	13,424.23	3,064.18
1-day	+0.81%	+0.72%	+0.66%
5-day	-1.08%	-1.17%	-1.55%
1-month	-1.75%	-1.24%	-3.76%
3-months	+6.14%	+5.06%	+5.35%
6-months	+5.10%	+4.47%	+1.76%
12-months	+17.60%	+15.28%	+14.86%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+1.06%	-1.62%	-1.81%	+20.99%
C. Staples	+0.56%	-0.87%	+1.26%	+16.91%
Energy	+0.51%	-1.20%	-4.01%	+9.81%
Financials	+1.20%	-0.38%	-1.57%	+26.75%
Healthcare	+1.40%	-0.64%	+3.41%	+24.50%
Info Tech	+0.67%	-1.20%	-4.87%	+14.35%
Industrials	+0.63%	-1.00%	-2.03%	+15.44%
Materials	+0.85%	-1.36%	-4.09%	+9.98%
Telecom	-0.61%	-4.43%	-2.86%	+21.21%
Utilities	+0.53%	-0.31%	+1.32%	+8.12%

DJIA Top Performers

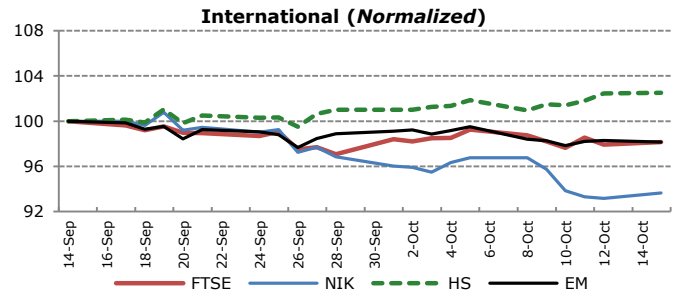
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Bank Of America Corp	+3.51%	+1.72%	-1.15%	+52.50%
Merck & Co. Inc.	+2.13%	+0.54%	+6.81%	+41.27%
Home Depot Inc	+1.83%	-1.99%	+2.00%	+73.04%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
At&T Inc	-1.18%	-6.51%	-5.50%	+20.71%
American Express Co	-0.52%	-2.09%	-2.83%	+24.92%
Verizon Communications In	-0.27%	-4.44%	-0.07%	+19.21%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,805.61	8,577.93	21,148.25	995.22
1-day	+0.21%	+0.51%	+0.06%	-0.15%
5-day	-0.62%	-3.22%	+1.55%	-0.27%
1-month	-1.86%	-6.35%	+2.51%	-1.86%
3-months	+2.46%	-1.68%	+10.77%	+7.46%
6-months	+2.72%	-11.00%	+2.16%	-3.12%
12-months	+6.21%	-1.94%	+14.30%	+6.38%



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Nymex WTI Crude Oil

(\$US/Bbl)	15-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$91.85	-\$0.01	-0.01%	+2.82%	-7.22%
Cal 13	\$94.17	+\$0.19	+0.20%	+3.09%	-3.47%
Cal 14	\$92.78	+\$0.49	+0.53%	+3.00%	-1.56%

(\$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	\$93.29	\$94.30	\$94.62	\$94.45	\$92.78

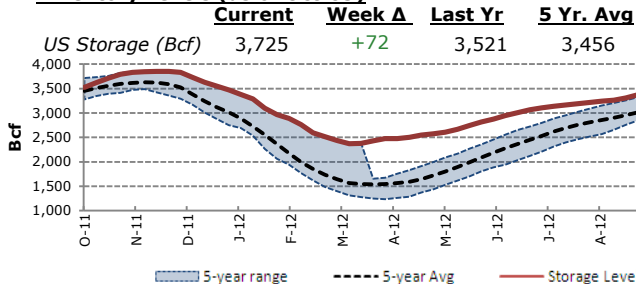
Inventory Levels (as of Oct-05)

(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

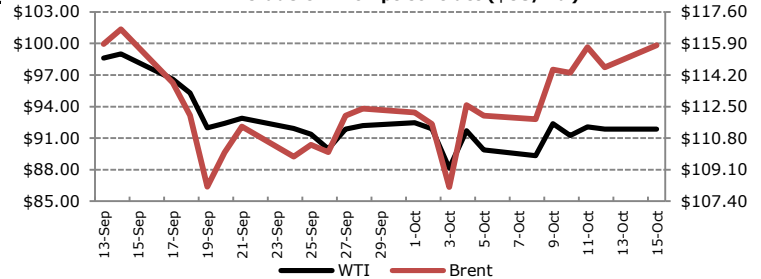
Nymex Natural Gas

(\$US/MMbtu)	15-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.49	-\$0.13	-3.46%	+2.44%	+18.45%
Nov12-Mar13	\$3.79	-\$0.10	-2.60%	+1.49%	+16.30%
Apr13-Oct13	\$3.91	-\$0.07	-1.68%	+0.24%	+13.11%
Nov13-Mar14	\$4.26	-\$0.06	-1.40%	+0.15%	+10.93%
Apr14-Oct14	\$4.12	-\$0.06	-1.42%	-1.09%	+8.80%

Inventory Levels (as of Oct-05)



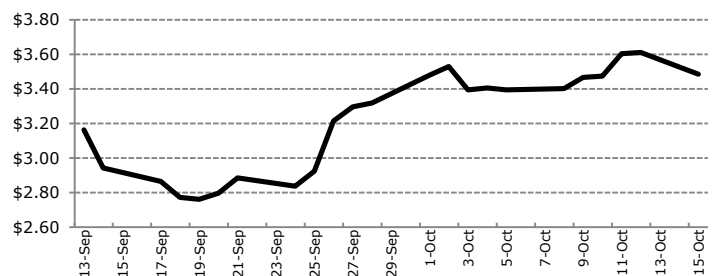
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	15-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$115.80	+\$1.18	+1.02%	+3.56%	-0.74%

Nat Gas Prompt (\$US/MMbtu)



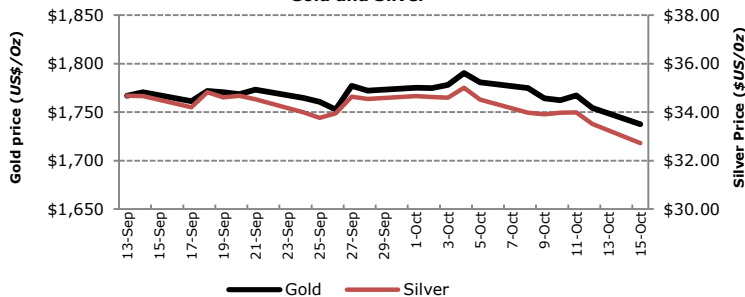
Alberta Natural Gas

(\$CAD/GJ)	15-Oct	day Δ	%Δ
AECO Nov-12	\$3.04	-\$0.08	-2.6%

Precious Metals

\$US/oz	15-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,737.55	-\$16.93	-1.0%	-2.1%	-1.9%	+9.7%
Silver	\$32.72	-\$0.80	-2.4%	-3.7%	-5.6%	+19.8%
Platinum	\$1,640	-\$11.75	-0.7%	-3.2%	-4.0%	+15.8%

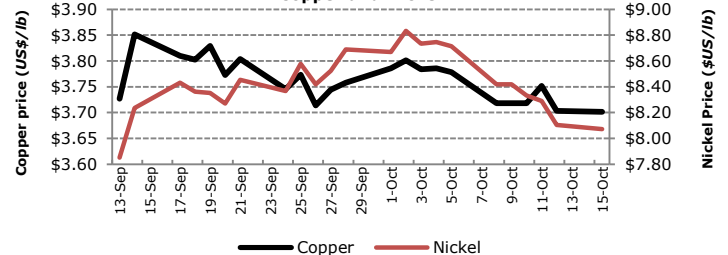
Gold and Silver



Industrial Metals

\$US/lb	15-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.70	-\$0.00	-0.0%	-0.4%	-3.9%	+7.2%
Nickel	\$8.07	-\$0.03	-0.4%	-4.2%	-2.0%	+6.8%
Zinc	\$0.93	-\$0.01	-0.6%	-5.3%	-8.3%	+0.1%
Aluminum	\$0.89	-\$0.01	-1.1%	-4.3%	-10.1%	+3.5%
Uranium	\$44.00	+\$0.00	0.0%	-3.8%	-8.3%	-11.8%

Copper and Nickel



Agriculture & Other

	15-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.37	-\$0.16	-2.1%	-0.6%	-5.7%
Wheat (\$US/bu)	\$8.48	-\$0.09	-1.0%	-1.5%	-8.2%
Soybeans (\$US/bu)	\$14.93	-\$0.30	-2.0%	-3.8%	-14.2%
Rough Rice (\$US/cwt)	\$15.01	-\$0.02	-0.1%	-2.3%	-1.7%
Sugar #11 (¢US/lb)	¢19.85	¢-0.20	-1.0%	-7.3%	-4.4%
Lean Hogs (¢US/lb)	¢78.55	¢+0.17	+0.2%	+2.2%	+6.3%
Live Cattle (¢US/lb)	¢125.98	¢+0.47	+0.4%	-0.3%	-3.0%
Cotton No.2 (\$US/lb)	\$0.72	+\$0.01	+1.4%	+0.8%	-4.7%
Lumber (\$US/Mbft)	\$296.80	-\$0.30	-0.1%	+3.2%	+2.0%

Commodity ETFs

\$CAD	15-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.63	-\$0.01	-0.2%	+3.8%	-14.1%
HBP Nat Gas U	\$16.92	-\$0.92	-5.2%	+5.3%	+19.2%
HBP Comex Gold	\$17.33	-\$0.26	-1.5%	-2.5%	-1.8%

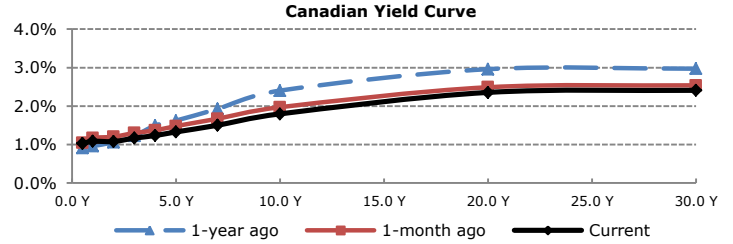
\$USD	15-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.00	+\$0.00	+0.0%	+2.3%	-7.7%
US Nat Gas	\$22.41	-\$0.75	-3.2%	+2.4%	+12.3%
PSDB Agriculture	\$28.64	-\$0.27	-0.9%	-1.6%	-6.9%
PSDB Base Metals	\$18.67	-\$0.06	-0.3%	-4.2%	-7.8%

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Interest Rates

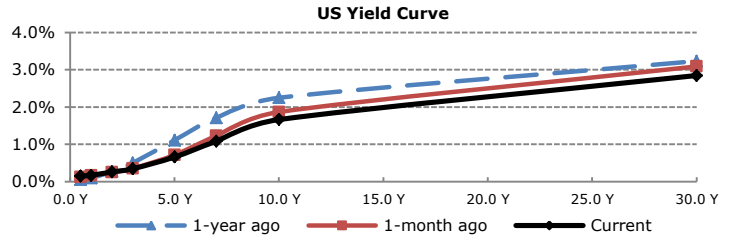
Canadian yield curve

	15-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.98%	-	1.00%	0.90%	0.87%
6-mnth	1.03%	-	1.05%	0.94%	0.91%
12-mnth	1.09%	-0.02%	1.17%	0.97%	0.96%
2-year	1.08%	-0.06%	1.20%	0.97%	1.06%
5-year	1.33%	-0.04%	1.48%	1.18%	1.62%
10-year	1.80%	-0.00%	1.97%	1.64%	2.40%
20-year	2.36%	+0.01%	2.49%	2.22%	2.96%
30-year	2.41%	+0.02%	2.54%	2.26%	2.97%

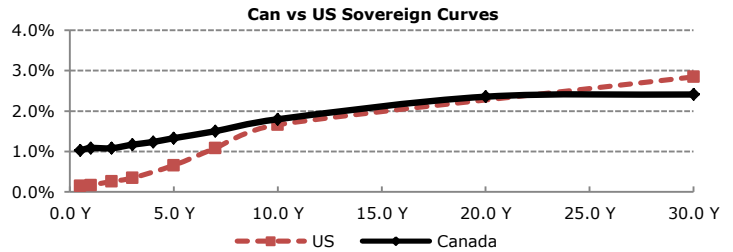
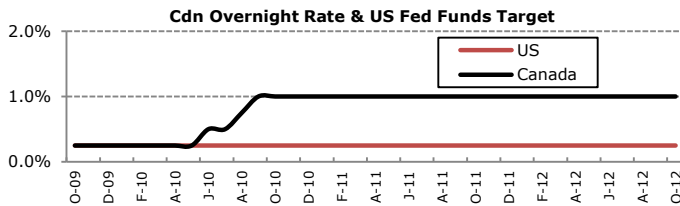


US yield curve

	15-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.09%	-0.01%	0.10%	0.09%	0.01%
6-mnth	0.15%	-	0.12%	0.14%	0.05%
12-mnth	0.17%	-0.01%	0.16%	0.17%	0.10%
2-year	0.26%	-0.00%	0.25%	0.24%	0.27%
5-year	0.66%	-	0.71%	0.62%	1.11%
10-year	1.66%	+0.01%	1.87%	1.51%	2.25%
30-year	2.85%	+0.01%	3.09%	2.60%	3.23%



	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	15-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.981	+0.001	0.971	1.012	1.017
EURUSD	\$1.295	-0.000	1.313	1.229	1.391
USDJPY	¥78.65	+0.210	78.39	79.06	76.09
GBPUSD	\$1.607	-0.000	1.622	1.565	1.600
AUDUSD	\$1.025	+0.002	1.055	1.032	1.043

Spot	15-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥80.19	+0.150	80.68	78.13	74.84
CADAUD	\$0.994	-0.003	0.976	0.958	0.943
GBPCAD	£1.576	+0.001	1.575	1.584	1.627
EURJPY	¥101.84	+0.230	102.93	97.21	105.83
EURAUD	\$1.26	-0.003	1.24	1.19	1.33

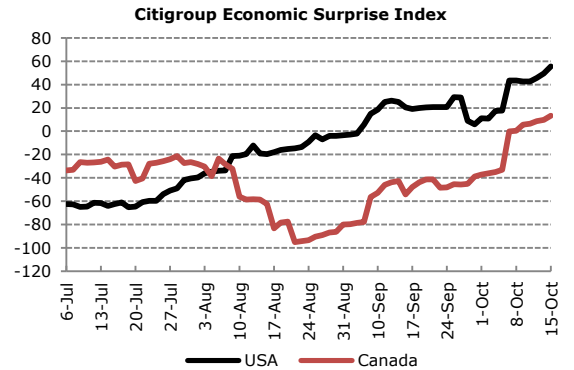
Economic Releases

United States

Date	Release	Period	Survey	Actual	Prior
Mon, Oct 15	Advance Retail Sales	30-Sep	0.8%	1.1%	0.9%
Tue, Oct 16	Industrial Production	31-Aug	0.2%	--	-1.2%
Tue, Oct 16	Consumer Price Index (MoM)	31-Aug	0.5%	0.6%	0.6%
Wed, Oct 17	MBA Mortgage Applications	12-Oct	--	--	-1.2%
Wed, Oct 17	Housing Starts	30-Sep	770K	--	750K
Thu, Oct 18	Leading Indicators	30-Sep	0.2%	--	-0.1%
Thu, Oct 18	Continuing Claims	6-Oct	3275K	--	3273K
Thu, Oct 18	Initial Jobless Claims	13-Oct	0.1K	--	339K
Fri, Oct 19	Existing Home Sales	30-Sep	4.75M	--	4.82M

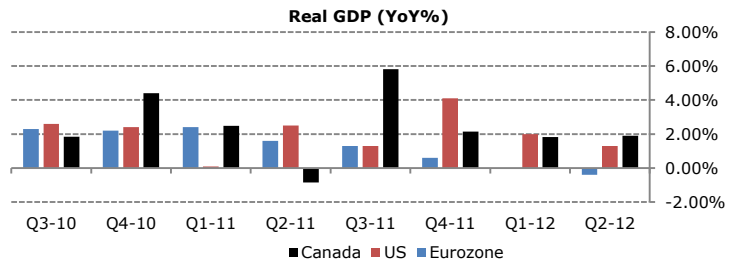
Canada

Date	Release	Period	Survey	Actual	Prior
Tue, Oct 16	Manufacturing Sales (MoM)	31-Jul	0.45%	1.5%	-1.5%
Fri, Oct 19	BOC CPI Core (YoY)	30-Sep	1.4%	--	1.6%
Fri, Oct 19	Consumer Price Index	30-Sep	1.3%	--	1.2%



Economics

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



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