

Today's Commentary

Tuesday marked an explosive day for North American equity markets as strong earnings continue to roll in. The prospect of a full Spanish bailout continues to build which also helped equity indices to soar yesterday. The S&P/TSX jumped an incredible 1.45% as the Energy, Healthcare and Materials sectors enjoyed massive gains of 1.75%, 1.77% and 2.08%, respectively. It was a similar story south of the border as the S&P 500 and Dow increased by 1.03% and 0.95%, respectively. Commodities showed mixed results yesterday, however, as industrial metals could not kick the recent trend of sliding prices but precious metals did. Copper, nickel, zinc and aluminum continued to fall while gold, silver and platinum all increased on the day. Rates on longer term government treasuries in both Canada and the US increased yesterday as the countries' 10-year yields increased by 3 and 6 basis points, respectively. More signs of a US recovery are showing themselves in this morning's releases. US housing starts for September were reported at 872K, over 13% higher than the forecast total of 770K. The reported number of 872K is also well above August's number of 750K.

Yesterday ushered in a new chapter for Citigroup Inc. as Vikram Pandit abruptly resigned as chief executive officer. The announcement comes one day after Citi reported a surprise Q3 profit and a surge in bond trading revenue, which pushed the share price 5.5% higher to \$36.66 on Monday. It appears as though Pandit was pressured to leave the bank by the board of directors. The directors were reportedly disappointed with his mismanagement of operations that lead to investor resentment and setbacks with regulators. Pandit's exit does not appear to have affected the strong earnings release, however, as the stock rose over 1.5% to \$37.25 by the end of yesterday's trading session.

It appears as though Germany may be weakening its stance on a full Spanish bailout according to two of the country's senior lawmakers. A deputy caucus leader and the governing party's budget spokesman have indicated that Germany is becoming more open to the idea of Spain securing a precautionary line of credit from the European Stability Mechanism – Europe's permanent rescue fund. A line of credit may be the right move for Spanish Prime Minister Mariano Rajoy as he is opposed to requesting further aid until the ECB's bailout terms are clearly laid out. Germany's new stance was received well in the markets as the euro rose 0.8% to \$1.3054 and Spanish bonds rose, driving the 10-year yield down to 5.81%

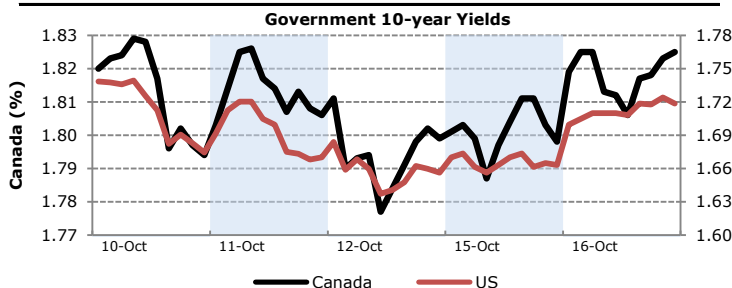
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

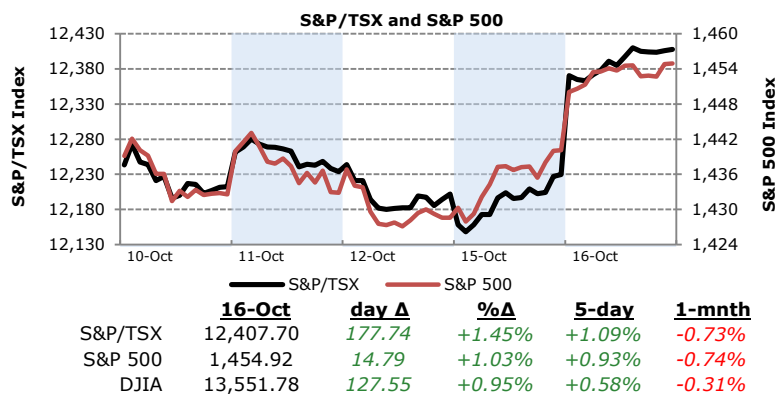
United States	Period	Survey	Actual	Prior
MBA Mortgage Applications	--	--	-4.2%	-1.2%
Housing Starts		770K	872K	750K

Canada	Period	Survey	Actual	Prior
None Scheduled				

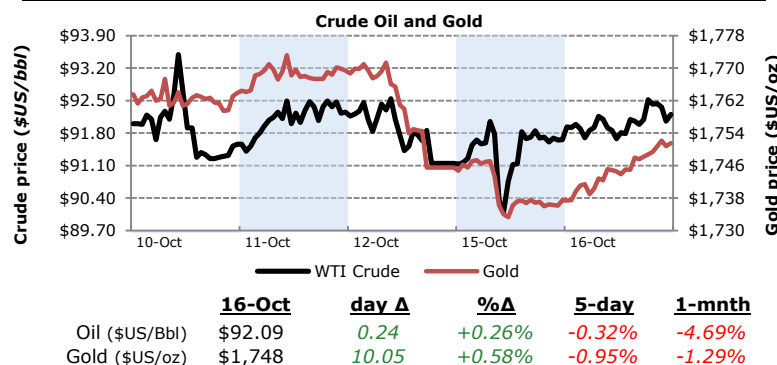
Interest Rates



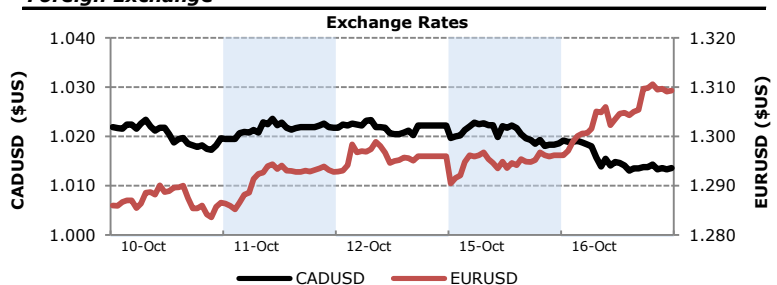
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	16-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.987	+0.006	0.978	0.975	1.004
EURUSD	\$1.305	+0.011	1.289	1.312	1.391
USDJPY	¥78.89	+0.240	78.260	78.71	76.18

Government 10-year Yields

	16-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.83%	0.027%	1.97%	1.62%	2.29%
United States	1.72%	0.056%	1.87%	1.49%	2.16%

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.

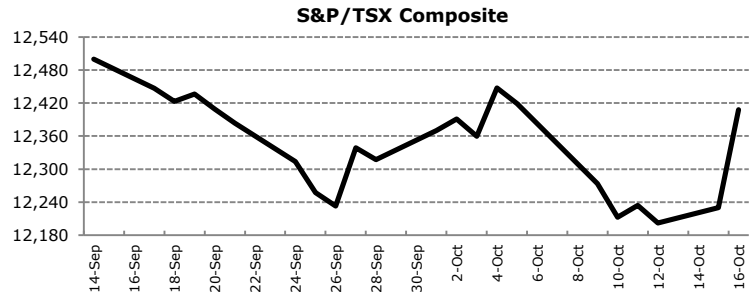
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	16-Oct	day Δ	%Δ
S&P/TSX	12,407.70	177.74	+1.45%
Trailing S&P/TSX TSX 60			
5-day	+1.09%	+1.23%	
1-month	-0.73%	-0.92%	
3-months	+7.69%	+7.79%	
6-months	+3.07%	+3.30%	
12-months	+2.70%	+2.73%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+1.33%	+0.94%	-0.17%	+11.47%
C. Staples	+0.85%	+1.28%	+1.35%	+14.80%
Energy	+1.75%	+1.40%	-3.51%	-1.31%
Financials	+1.09%	+0.87%	+0.52%	+6.34%
Healthcare	+1.77%	+2.00%	+2.31%	+25.66%
Info Tech	+0.98%	+1.37%	+1.20%	-13.83%
Industrials	+1.40%	+1.56%	-0.64%	+18.01%
Materials	+2.08%	+1.06%	-1.79%	-10.53%
Metals & Mining	+2.50%	+2.47%	-6.94%	-8.12%
Telecom	+0.68%	+0.73%	+2.13%	+10.58%
Utilities	+0.52%	-0.50%	+0.63%	-1.33%

TSX Top Performers

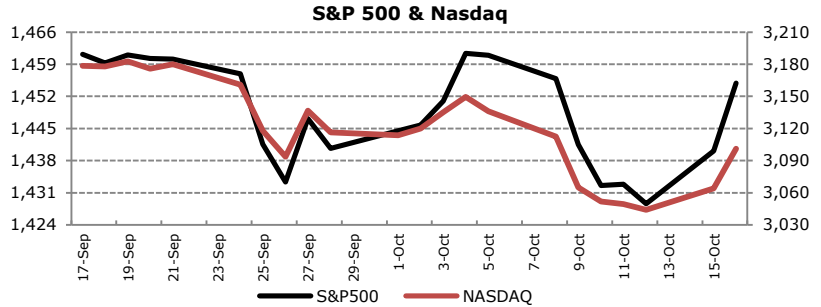
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Aurico Gold Inc	+6.68%	+24.92%	+17.77%	-22.88%
Colossus Minerals Inc	+6.54%	-0.18%	+2.03%	-13.03%
Thompson Creek Metals Co	+6.51%	+10.32%	-24.46%	-61.12%
Birchcliff Energy Ltd	+5.75%	+5.89%	+22.58%	-40.99%
Nevsun Resources Ltd	+5.38%	+3.98%	+8.29%	-12.15%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Athabasca Oil Corp	-2.40%	+3.49%	-3.55%	+7.59%
Turquoise Hill Resources	-2.34%	-5.71%	-16.96%	-49.47%
Nordion Inc	-1.76%	-7.12%	-15.33%	-31.51%
Chorus Aviation Inc - B	-1.23%	-5.85%	-17.65%	-11.54%
Genivar Inc	-1.22%	-1.49%	-3.88%	-5.91%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
16-Oct	1,454.92	13,551.78	3,101.17
1-day	+1.03%	+0.95%	+1.21%
5-day	+0.93%	+0.58%	+1.18%
1-month	-0.74%	-0.31%	-2.60%
3-months	+7.48%	+6.48%	+7.05%
6-months	+6.23%	+4.88%	+3.77%
12-months	+18.81%	+16.38%	+16.24%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.84%	+0.75%	-0.99%	+22.01%
C. Staples	+0.29%	+0.31%	+1.55%	+17.25%
Energy	+1.54%	+0.31%	-2.53%	+11.50%
Financials	+0.65%	+1.06%	-0.93%	+27.58%
Healthcare	+1.05%	+1.64%	+4.49%	+25.81%
Info Tech	+1.58%	+1.71%	-3.37%	+16.15%
Industrials	+1.03%	+1.20%	-1.02%	+16.63%
Materials	+2.37%	+2.05%	-1.81%	+12.59%
Telecom	-0.01%	-3.20%	-2.87%	+21.20%
Utilities	+0.30%	+0.07%	+1.63%	+8.44%

DJIA Top Performers

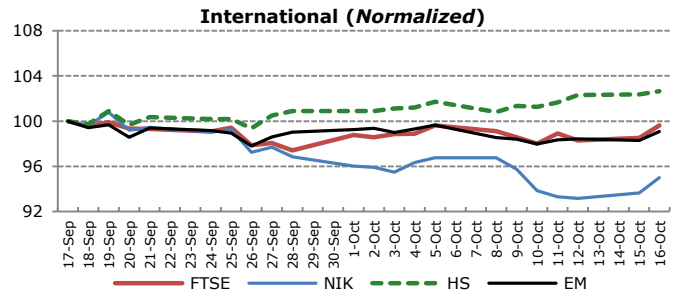
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Intel Corp	+2.90%	+2.05%	-4.36%	-3.99%
Caterpillar Inc	+2.60%	+0.25%	-8.81%	+4.22%
United Technologies Corp	+1.90%	+0.35%	-5.88%	+7.60%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Unitedhealth Group Inc	-1.06%	-1.03%	+4.85%	+22.06%
Verizon Communications In	-0.94%	-4.40%	-1.01%	+19.33%
Coca-Cola Co/The	-0.60%	-1.71%	-0.58%	+13.13%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,870.54	8,701.31	21,207.07	1,003.35
1-day	+1.12%	+1.44%	+0.28%	+0.82%
5-day	+1.04%	-0.78%	+1.29%	+0.68%
1-month	-0.76%	-5.00%	+2.80%	-1.06%
3-months	+3.68%	-0.26%	+10.91%	+8.27%
6-months	+3.60%	-8.12%	+2.89%	-1.63%
12-months	+7.39%	-0.53%	+14.62%	+7.25%



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Nymex WTI Crude Oil

(\$US/Bbl)	16-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.09	+\$0.24	+0.26%	-0.32%	-4.69%
Cal 13	\$94.25	+\$0.09	+0.09%	-0.01%	-2.58%
Cal 14	\$92.61	-\$0.17	-0.18%	+0.34%	-1.19%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$100.00	\$99.50	\$102.00	\$103.00	\$101.00
Current Forward	\$93.47	\$94.41	\$94.68	\$94.45	\$92.61

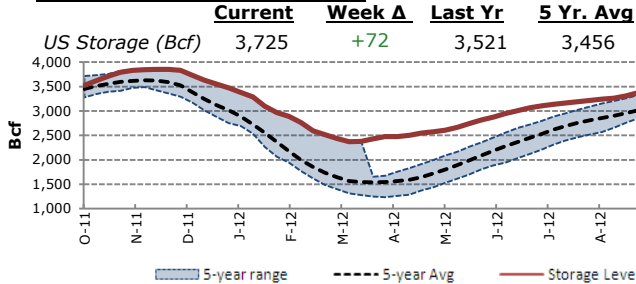
Inventory Levels (as of Oct-05)

(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

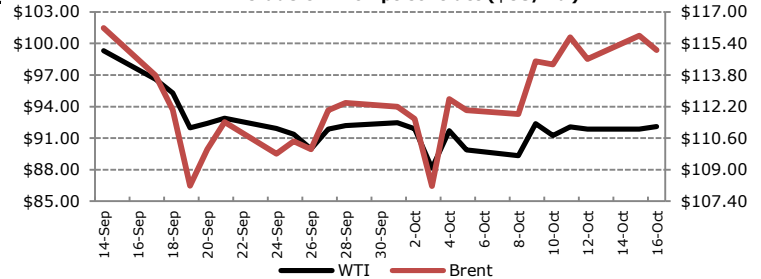
Nymex Natural Gas

(\$US/MMbtu)	16-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.44	-\$0.05	-1.41%	-0.87%	+19.97%
Nov12-Mar13	\$3.78	-\$0.01	-0.28%	-0.55%	+15.08%
Apr13-Oct13	\$3.91	+\$0.01	+0.19%	-1.03%	+12.58%
Nov13-Mar14	\$4.27	+\$0.01	+0.20%	-0.83%	+10.46%
Apr14-Oct14	\$4.13	+\$0.01	+0.24%	-1.71%	+8.39%

Inventory Levels (as of Oct-05)



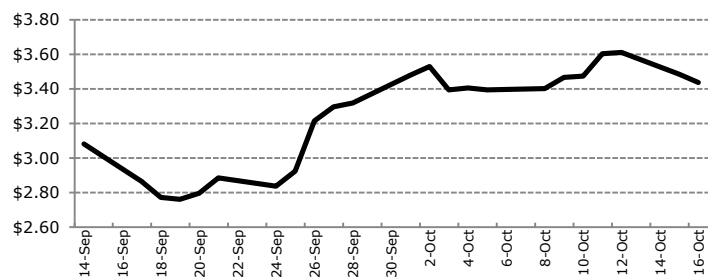
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	16-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$115.07	-\$0.73	-0.63%	+0.50%	+1.12%

Nat Gas Prompt (\$US/MMbtu)



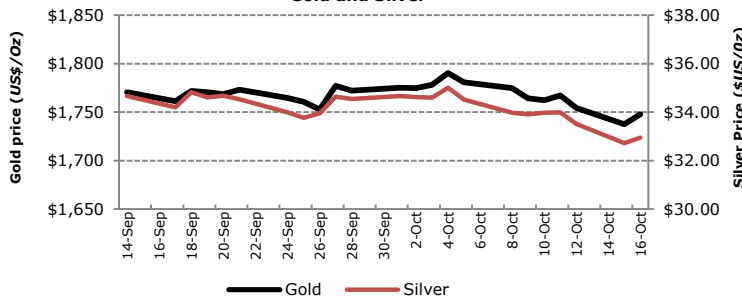
Alberta Natural Gas

(\$CAD/GJ)	16-Oct	day Δ	%Δ
AECO Nov-12	\$3.03	-\$0.01	-0.3%

Precious Metals

\$US/oz	16-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,747.60	+\$10.05	+0.6%	-0.9%	-1.3%	+11.1%
Silver	\$32.95	+\$0.23	+0.7%	-2.8%	-4.9%	+21.2%
Platinum	\$1,643	+\$3.00	+0.2%	-2.7%	-3.8%	+16.9%

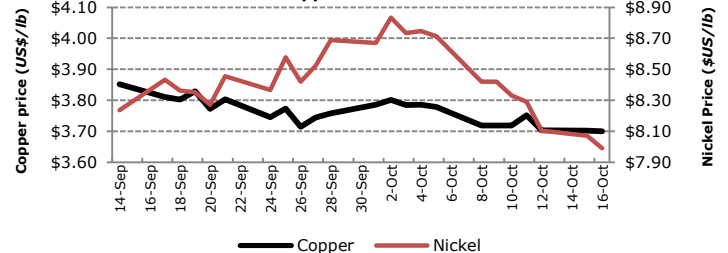
Gold and Silver



Industrial Metals

\$US/lb	16-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.70	-\$0.00	-0.0%	-0.5%	-3.9%	+6.5%
Nickel	\$7.99	-\$0.08	-1.0%	-5.1%	-3.0%	+6.7%
Zinc	\$0.93	-\$0.01	-0.6%	-5.7%	-8.8%	+1.2%
Aluminum	\$0.88	-\$0.01	-1.1%	-5.4%	-11.1%	+3.5%
Uranium	\$44.00	+\$0.00	0.0%	-2.2%	-8.3%	-11.8%

Copper and Nickel



Agriculture & Other

	16-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.38	+\$0.01	+0.1%	-0.5%	-5.6%
Wheat (\$US/bu)	\$8.48	-\$0.01	-0.1%	-1.9%	-8.3%
Soybeans (\$US/bu)	\$14.94	+\$0.01	+0.1%	-3.6%	-14.1%
Rough Rice (\$US/cwt)	\$14.87	-\$0.14	-0.9%	-2.4%	-2.7%
Sugar #11 (¢US/lb)	¢20.17	+¢0.32	+1.6%	-6.1%	-2.9%
Lean Hogs (¢US/lb)	¢78.60	+¢0.05	+0.1%	+2.3%	+6.4%
Live Cattle (¢US/lb)	¢126.68	+¢0.70	+0.6%	-0.0%	-2.5%
Cotton No.2 (\$US/lb)	\$0.75	+\$0.03	+3.5%	+4.2%	-1.4%
Lumber (\$US/Mbft)	\$306.80	+\$10.00	+3.4%	+6.9%	+5.4%

Commodity ETFs

\$CAD	16-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.67	+\$0.04	+0.9%	-0.0%	-14.9%
HBP Nat Gas U	\$16.87	-\$0.05	-0.3%	-0.4%	+23.6%
HBP Comex Gold	\$17.43	+\$0.10	+0.6%	-1.0%	-1.5%

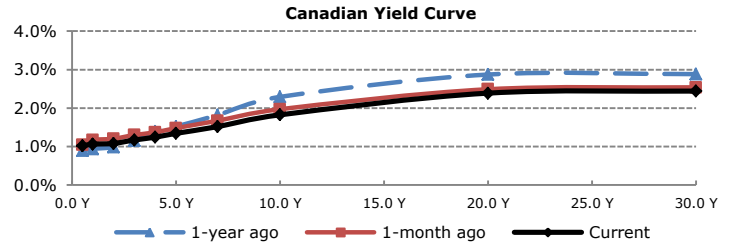
\$USD	16-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.14	+\$0.13	+0.4%	-0.1%	-7.3%
US Nat Gas	\$22.20	-\$0.21	-0.9%	-0.7%	+11.2%
PSDB Agriculture	\$28.87	+\$0.23	+0.8%	-1.1%	-6.1%
PSDB Base Metals	\$18.55	-\$0.12	-0.6%	-3.7%	-8.4%

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Interest Rates

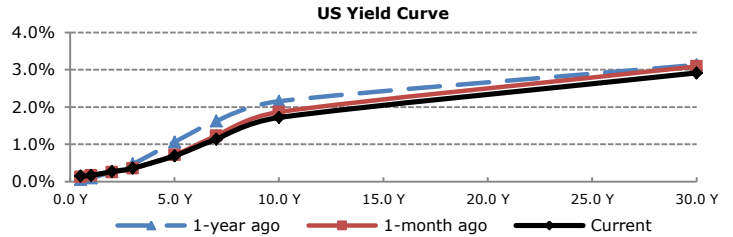
Canadian yield curve

	16-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.97%	-	1.00%	0.90%	0.86%
6-mnth	1.02%	-	1.05%	0.94%	0.90%
12-mnth	1.06%	-0.02%	1.17%	0.97%	0.94%
2-year	1.08%	+0.00%	1.20%	0.96%	0.99%
5-year	1.34%	+0.01%	1.48%	1.16%	1.52%
10-year	1.83%	+0.03%	1.97%	1.62%	2.29%
20-year	2.39%	+0.03%	2.49%	2.21%	2.87%
30-year	2.44%	+0.03%	2.54%	2.25%	2.88%

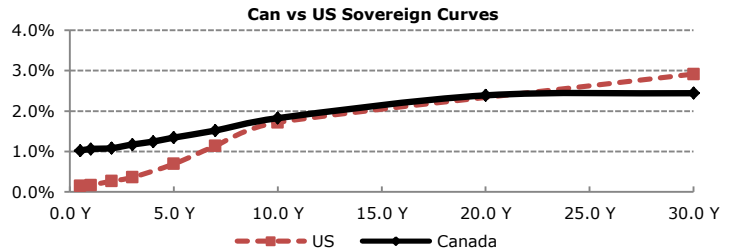
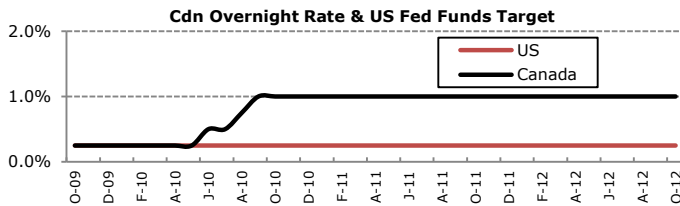


US yield curve

	16-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.09%	-0.01%	0.10%	0.09%	0.02%
6-mnth	0.15%	-	0.12%	0.13%	0.05%
12-mnth	0.17%	-	0.16%	0.16%	0.10%
2-year	0.27%	+0.01%	0.25%	0.22%	0.27%
5-year	0.69%	+0.03%	0.71%	0.60%	1.06%
10-year	1.72%	+0.06%	1.87%	1.49%	2.16%
30-year	2.92%	+0.07%	3.09%	2.60%	3.13%



	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)

	16-Oct	day Δ	Historical Levels		
Spot			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.987	+0.006	0.975	1.010	1.004
EURUSD	\$1.305	+0.011	1.312	1.228	1.391
USDJPY	¥78.89	+0.240	78.71	78.80	76.18
GBPUSD	\$1.611	+0.004	1.625	1.565	1.598
AUDUSD	\$1.028	+0.002	1.048	1.036	1.040

	16-Oct	day Δ	Historical Levels		
Spot			-1 mnth	-3 mnths	-1 year
CADJPY	¥79.95	-0.238	80.74	78.01	75.85
CADAUD	\$0.986	-0.008	0.979	0.955	0.958
GBPCAD	£1.590	+0.013	1.584	1.581	1.604
EURJPY	¥102.98	+1.140	103.24	96.80	105.93
EURAUD	\$1.27	+0.007	1.25	1.19	1.34

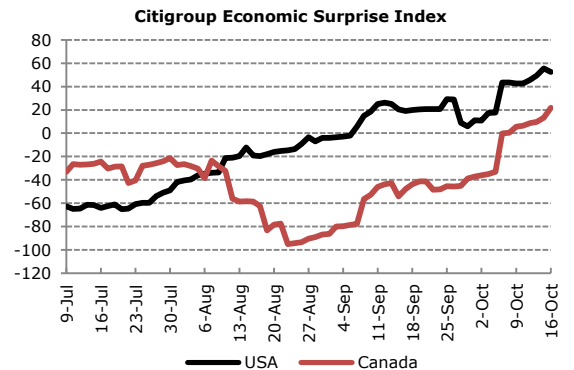
Economic Releases

United States

	Period	Survey	Actual	Prior
Mon, Oct 15	Advance Retail Sales		0.8%	1.1%
Tue, Oct 16	Industrial Production		0.2%	0.4%
Tue, Oct 16	Consumer Price Index (MoM)		0.5%	0.6%
Wed, Oct 17	MBA Mortgage Applications		--	-4.2%
Wed, Oct 17	Housing Starts	770K	872K	750K
Thu, Oct 18	Leading Indicators		0.2%	--
Thu, Oct 18	Continuing Claims		3275K	--
Thu, Oct 18	Initial Jobless Claims		0.1K	--
Fri, Oct 19	Existing Home Sales		4.75M	--

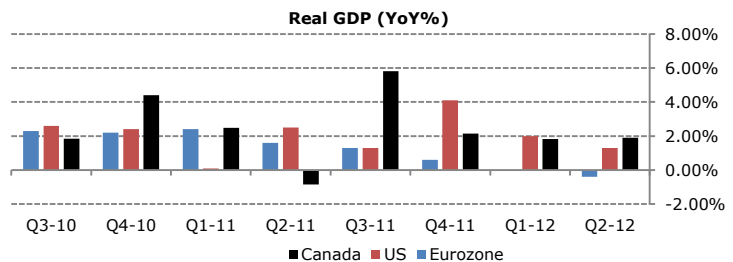
Canada

	Period	Survey	Actual	Prior
Tue, Oct 16	Manufacturing Sales (MoM)		0.45%	1.5%
Fri, Oct 19	BOC CPI Core (YoY)		1.4%	--
Fri, Oct 19	Consumer Price Index		1.3%	--



Economics

	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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