

## Today's Commentary

The three day winning streak for US equities came to a halt yesterday, with both the Dow and S&P 500 declining by 0.06% and 0.24%, respectively, following a disappointing US initial jobless claims report. The S&P/TSX defied its US counterpart with a gain of 0.04%. Yesterday proved to be a turbulent day with earnings, as Google stock tumbled 8% following third quarter earnings missing estimates by about a half of a billion dollars. The earnings were accidentally released early, and Google asked for their shares to halt trading on the Nasdaq. Oil remained relatively flat, falling sharply in the morning but regaining its ground later in the day.

China's volatile economic releases continued yesterday as the country announced its monthly foreign direct investment numbers. FDI fell 6.8% to \$8.43 billion in September when compared with \$9.05 billion observed one year earlier. This is the 10<sup>th</sup> decline in the last 11 months as investor skepticism over a Chinese economic recovery continues to grow. This news comes just one day after China reported that growth eased to 7.4% in the third quarter bringing the country to a run of seven straight quarters of deceleration. The International Monetary Fund also recently cut its outlook for China's 2012 output, lowering the estimate for growth from 8% to 7.8%. September also saw large increases in industrial production, retail sales and fixed-asset investment which further contributed to the confusions surrounding China's economic outlook.

The recent strong housing report for the US has helped to push consumer confidence to its highest level in six months despite yesterday's disappointing jobless claims report. The Bloomberg Consumer Comfort index – a weekly measure of the state of the economy, Americans' views of their personal finances, and the buying climate – rose to -34.8 last week, up from -38.5 the previous week. Although the economy is very volatile, it is "modestly moving in the right direction" according to David Doft, CFO at MDC Partners Inc. in New York. Retail sales for August and September this year mark the strongest back-to-back monthly increases for the indicator since late 2010 and are in large part responsible for increasing confidence in the economy.

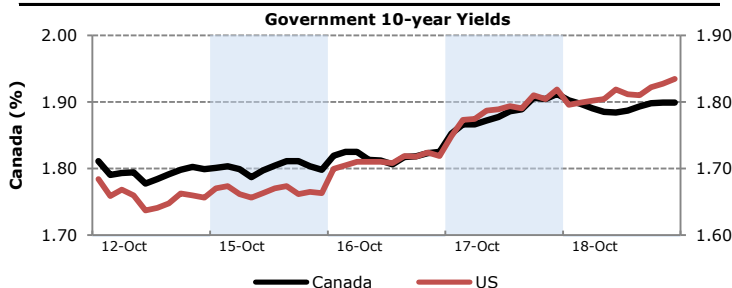
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

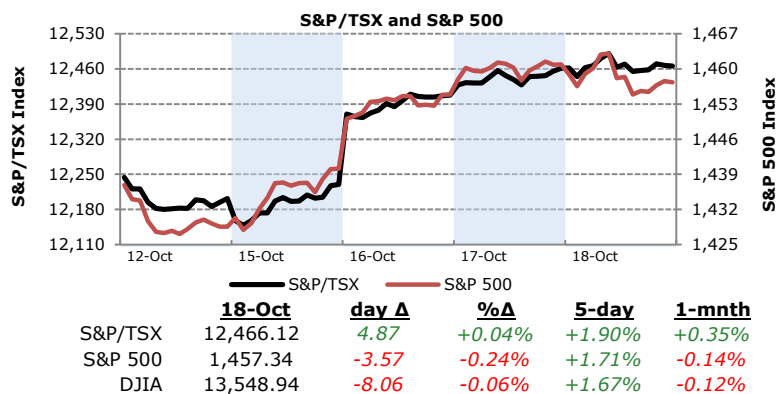
United States	Period	Survey	Actual	Prior
Existing Home Sales	31-Aug	4.75M	--	4.82M

Canada	Period	Survey	Actual	Prior
BOC CPI Core (YoY)		1.4%	1.3%	1.6%
Consumer Price Index		1.3%	1.2%	1.2%

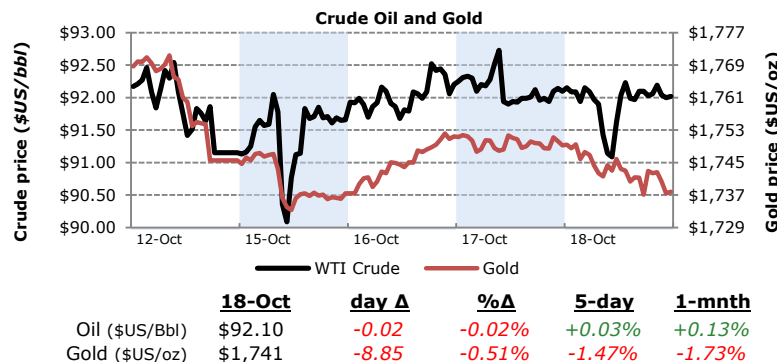
## Interest Rates



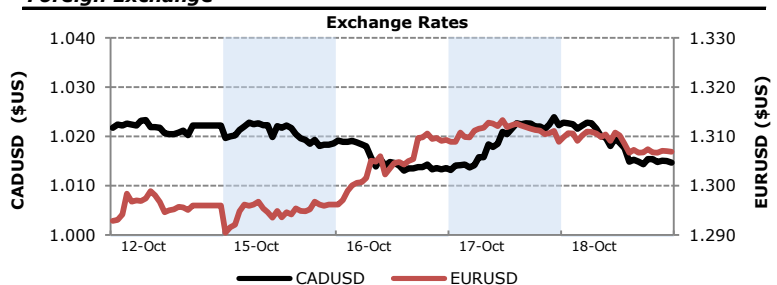
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	18-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.985	+0.007	0.979	0.975	0.992
EURUSD	\$1.307	-0.005	1.293	1.305	1.415
USDJPY	¥79.28	+0.350	78.340	78.38	75.82

Government 10-year Yields

	18-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.90%	-0.013%	1.92%	1.61%	2.33%
United States	1.83%	0.016%	1.81%	1.46%	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.

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

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**S&P/TSX Composite**

	<b>18-Oct</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,466.12	4.87	+0.04%
<b>Trailing S&amp;P/TSX</b>			
5-day		+1.90%	+2.04%
1-month		+0.35%	+0.23%
3-months		+7.66%	+7.66%
6-months		+2.78%	+2.97%
12-months		+3.43%	+3.54%



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.32%	+2.15%	+0.73%	+12.59%
C. Staples	-0.37%	+0.61%	+1.65%	+14.25%
Energy	+0.51%	+3.81%	+0.09%	+0.04%
Financials	+0.65%	+2.50%	+2.12%	+8.35%
Healthcare	-0.06%	+1.03%	+2.17%	+25.40%
Info Tech	-0.38%	+1.64%	+0.86%	-11.92%
Industrials	+0.15%	+2.10%	+0.14%	+15.95%
Materials	-1.24%	-0.05%	-2.07%	-9.74%
Metals & Mining	+0.73%	+4.13%	-0.02%	-3.80%
Telecom	+0.17%	+0.78%	+1.79%	+9.27%
Utilities	-0.22%	+1.02%	+1.93%	-1.93%

**TSX Top Performers**

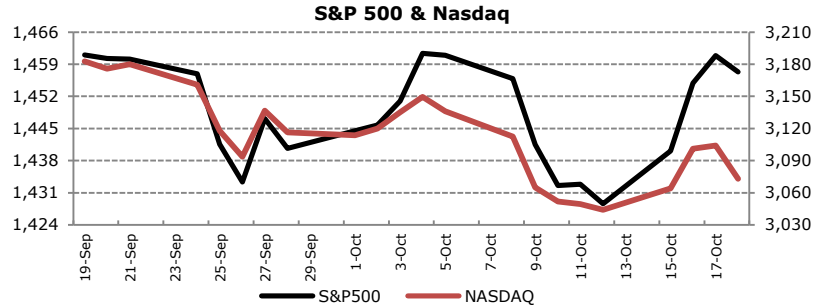
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Thompson Creek Metals Co		+4.68%	+6.99%	-19.61%	-57.76%
Capstone Mining Corp		+4.12%	+4.55%	-8.99%	-10.28%
Encana Corp		+3.78%	+8.49%	+5.72%	+15.04%
Cineplex Inc		+3.64%	+5.83%	+7.39%	+20.32%
Bonavista Energy Corp		+3.45%	+3.39%	+11.30%	-26.12%

**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>
Lake Shore Gold Corp		-5.88%	-11.11%	-17.53%	-40.30%
Centerra Gold Inc		-5.18%	-7.34%	+13.15%	-44.37%
Premier Gold Mines Ltd		-4.23%	-2.33%	-13.24%	+6.88%
Iamgold Corp		-4.22%	-2.37%	+0.20%	-19.81%
Harry Winston Diamond Cor		-3.98%	+3.59%	+5.56%	+18.25%

**US Indices**

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
18-Oct	1,457.34	13,548.94	3,072.87
1-day	-0.24%	-0.06%	-1.01%
5-day	+1.71%	+1.67%	+0.77%
1-month	-0.14%	-0.12%	-3.30%
3-months	+6.16%	+4.96%	+4.43%
6-months	+5.21%	+3.96%	+1.37%
12-months	+18.93%	+17.03%	+15.63%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.02%	+2.55%	+0.54%	+22.92%
C. Staples	-0.46%	+0.81%	+0.63%	+17.15%
Energy	+0.03%	+2.76%	+0.15%	+11.44%
Financials	+0.17%	+1.85%	+1.98%	+27.48%
Healthcare	-0.01%	+2.31%	+3.61%	+26.92%
Info Tech	-1.53%	+0.05%	-5.64%	+14.35%
Industrials	+0.18%	+2.59%	+0.24%	+17.42%
Materials	+0.06%	+3.70%	+0.85%	+14.48%
Telecom	+1.24%	+0.30%	-1.52%	+23.78%
Utilities	+0.42%	+1.93%	+4.40%	+9.78%

**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>
Travelers Cos Inc/The		+3.59%	+6.91%	+7.97%	+35.94%
Verizon Communications In		+2.37%	+1.28%	+2.69%	+23.56%
Johnson & Johnson		+2.14%	+6.69%	+6.26%	+15.77%

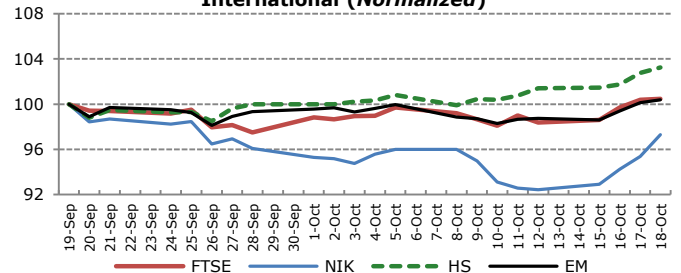
**DJIA Worst Performers**

	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
American Express Co		-2.96%	-1.47%	-2.65%	+24.89%
Intl Business Machines Co		-2.83%	-5.25%	-5.88%	+9.90%
Mcdonald'S Corp		-0.85%	+0.58%	+0.82%	+3.66%

**International Markets**

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	5,917.05	8,982.86	21,518.71	1,013.36
1-day	+0.10%	+2.00%	+0.48%	+0.25%
5-day	+1.50%	+5.10%	+2.47%	+1.75%
1-month	+0.83%	-1.54%	+4.45%	+0.65%
3-months	+4.07%	+2.93%	+11.84%	+8.86%
6-months	+2.99%	-7.08%	+3.55%	-1.01%
12-months	+9.37%	+2.76%	+19.04%	+9.54%

**International (Normalized)**



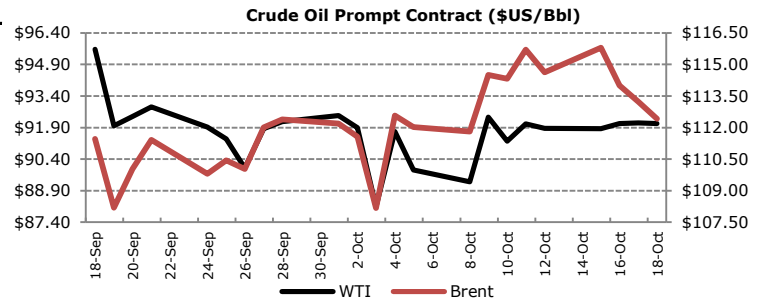
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### Nymex WTI Crude Oil

(\$US/Bbl)	18-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.10	-\$0.02	-0.02%	+0.03%	+0.13%
Cal 13	\$94.22	-\$0.15	-0.16%	-0.03%	-2.78%
Cal 14	\$92.58	-\$0.32	-0.34%	+0.09%	-1.21%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$100.00	\$100.00	\$103.00	\$105.00	\$101.00
Current Forward	\$93.47	\$94.41	\$94.64	\$94.36	\$92.58



### Inventory Levels (as of Oct-12)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	369,230	+2,860	337,426	319,411
Motor Gas	197,128	+1,720	214,389	200,481
Distillates	118,664	-2,218	171,756	140,851

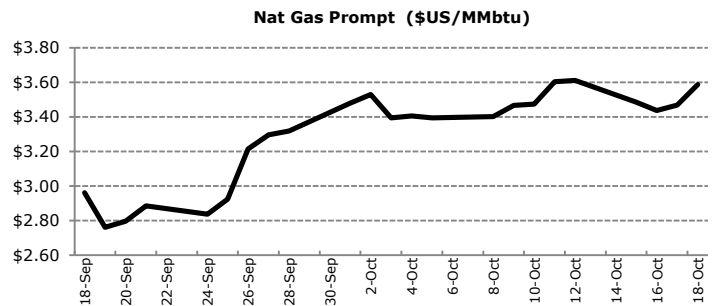
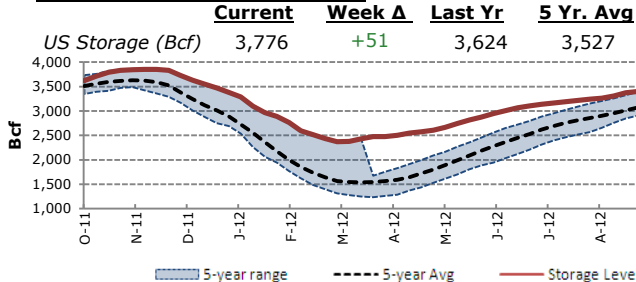
### UK Brent Crude Oil

(\$US/Bbl)	18-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$112.42	-\$0.80	-0.71%	-2.84%	+3.91%

### Nymex Natural Gas

(\$US/MMbtu)	18-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.59	+\$0.12	+3.37%	-0.47%	+29.87%
Nov12-Mar13	\$3.91	+\$0.08	+2.09%	-0.10%	+22.33%
Apr13-Oct13	\$4.02	+\$0.05	+1.29%	-0.00%	+17.74%
Nov13-Mar14	\$4.36	+\$0.04	+1.03%	-0.01%	+14.53%
Apr14-Oct14	\$4.20	+\$0.03	+0.63%	-0.60%	+11.33%

### Inventory Levels (as of Oct-12)

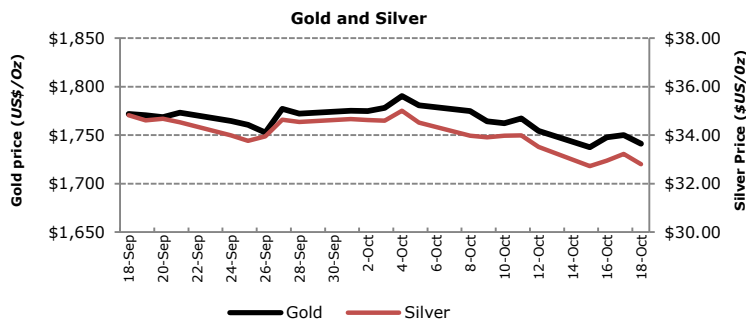


### Alberta Natural Gas

(\$CAD/GJ)	18-Oct	day Δ	%Δ
AECO Nov-12	\$3.17	+\$0.14	+4.6%

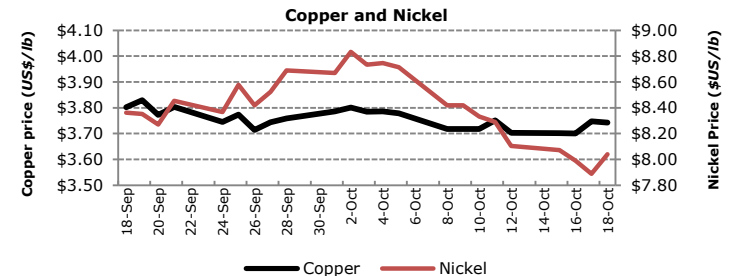
### Precious Metals

\$US/oz	18-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,741.30	-\$8.85	-0.5%	-1.5%	-1.7%	+9.9%
Silver	\$32.80	-\$0.43	-1.3%	-3.5%	-5.8%	+20.1%
Platinum	\$1,641	-\$24.25	-1.5%	-2.2%	+0.5%	+16.0%



### Industrial Metals

\$US/lb	18-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.74	-\$0.01	-0.1%	-0.2%	-1.6%	+8.5%
Nickel	\$8.04	+\$0.15	+1.9%	-3.0%	-3.9%	+8.3%
Zinc	\$0.94	+\$0.02	+1.7%	-2.2%	-6.5%	+2.7%
Aluminum	\$0.90	+\$0.02	+2.3%	-1.1%	-8.2%	+4.7%
Uranium	\$44.00	+\$0.00	0.0%	0.0%	-6.4%	-11.8%



### Agriculture & Other

	18-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.61	+\$0.15	+2.0%	-1.6%	+2.8%
Wheat (\$US/bu)	\$8.69	+\$0.12	+1.4%	-2.0%	+0.6%
Soybeans (\$US/bu)	\$15.46	+\$0.36	+2.4%	-0.2%	-5.8%
Rough Rice (\$US/cwt)	\$14.93	-\$0.21	-1.4%	-0.3%	-0.1%
Sugar #11 (¢US/lb)	¢19.79	-\$0.32	-1.6%	-3.2%	-1.8%
Lean Hogs (¢US/lb)	¢78.85	-\$0.33	-0.4%	+1.7%	+6.3%
Live Cattle (¢US/lb)	¢128.05	+\$0.45	+0.4%	+1.7%	-0.6%
Cotton No.2 (\$US/lb)	\$0.78	-\$0.00	-0.2%	+9.9%	+2.2%
Lumber (\$US/Mbft)	\$315.70	-\$1.10	-0.3%	+6.0%	+10.2%

### Commodity ETFs

\$CAD	18-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.65	-\$0.01	-0.2%	-1.3%	-9.0%
HBP Nat Gas U	\$18.02	+\$0.80	+4.6%	-1.5%	+45.6%
HBP Comex Gold	\$17.45	-\$0.04	-0.2%	-1.4%	-1.3%

\$USD	18-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.07	-\$0.03	-0.1%	-0.6%	-4.2%
US Nat Gas	\$22.96	+\$0.59	+2.6%	-1.7%	+20.5%
PSDB Agriculture	\$29.21	+\$0.17	+0.6%	+0.1%	-1.5%
PSDB Base Metals	\$18.81	+\$0.02	+0.1%	-1.4%	-6.1%

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## Interest Rates

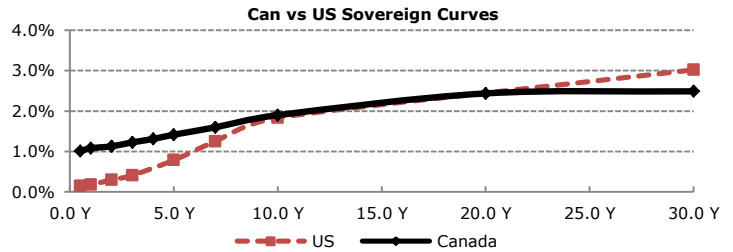
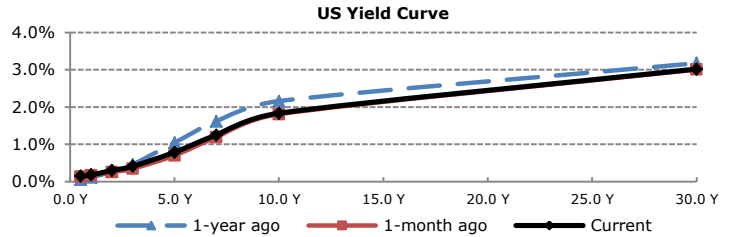
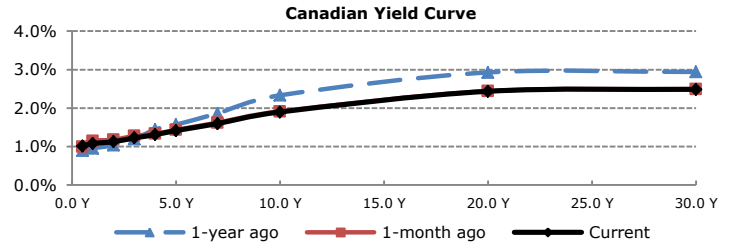
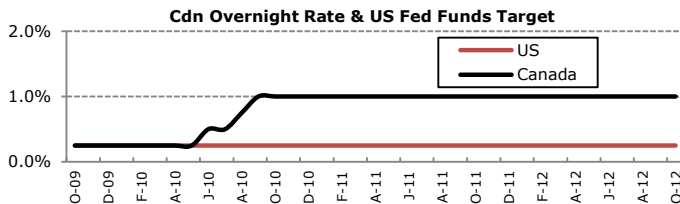
### Canadian yield curve

	18-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.97%	+0.01%	0.99%	0.91%	0.88%
6-mnth	1.01%	+0.01%	1.00%	0.94%	0.90%
12-mnth	1.08%	+0.02%	1.15%	0.97%	0.96%
2-year	1.13%	-0.00%	1.18%	0.96%	1.04%
5-year	1.42%	-0.01%	1.43%	1.15%	1.57%
10-year	1.90%	-0.01%	1.92%	1.61%	2.33%
20-year	2.44%	-0.02%	2.44%	2.20%	2.93%
30-year	2.49%	-0.02%	2.49%	2.24%	2.94%

### US yield curve

	18-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.10%	-0.01%	0.10%	0.09%	0.02%
6-mnth	0.15%	-0.01%	0.13%	0.14%	0.05%
12-mnth	0.18%	-0.01%	0.17%	0.15%	0.11%
2-year	0.30%	+0.00%	0.25%	0.20%	0.27%
5-year	0.79%	+0.01%	0.70%	0.57%	1.04%
10-year	1.83%	+0.02%	1.81%	1.46%	2.16%
30-year	3.02%	+0.02%	3.01%	2.54%	3.18%

	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	18-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.985	+0.007	0.975	1.013	0.992
EURUSD	\$1.307	-0.005	1.305	1.216	1.415
USDJPY	¥79.28	+0.350	78.38	78.49	75.82
GBPUSD	\$1.604	-0.011	1.622	1.562	1.613
AUDUSD	\$1.037	-0.002	1.048	1.038	1.070

Spot	18-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥80.46	-0.264	80.43	77.51	76.44
CADAUD	\$0.979	-0.006	0.979	0.951	0.942
GBPCAD	£1.581	+0.002	1.581	1.582	1.600
EURJPY	¥103.57	+0.010	102.28	95.43	107.28
EURAUD	\$1.26	-0.003	1.25	1.17	1.32

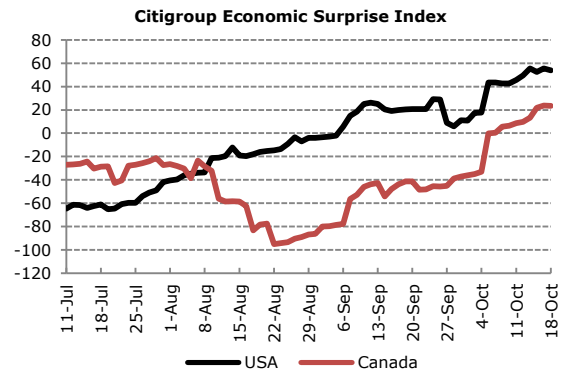
## Economic Releases

### United States

	Period	Survey	Actual	Prior	
Mon, Oct 15	Advance Retail Sales	30-Sep	0.8%	1.1%	0.9%
Tue, Oct 16	Industrial Production	30-Sep	0.2%	0.4%	-1.2%
Tue, Oct 16	Consumer Price Index (MoM)	30-Sep	0.5%	0.6%	0.6%
Wed, Oct 17	MBA Mortgage Applications	12-Oct	--	-4.2%	-4.2%
Wed, Oct 17	Housing Starts	30-Sep	770K	872K	750K
Thu, Oct 18	Leading Indicators	30-Sep	0.2%	-0.1%	-0.1%
Thu, Oct 18	Continuing Claims	6-Oct	3275K	3252K	3273K
Thu, Oct 18	Initial Jobless Claims	13-Oct	365K	388K	339K
Fri, Oct 19	Existing Home Sales	31-Aug	4.75M	--	4.82M

### Canada

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



## Economics

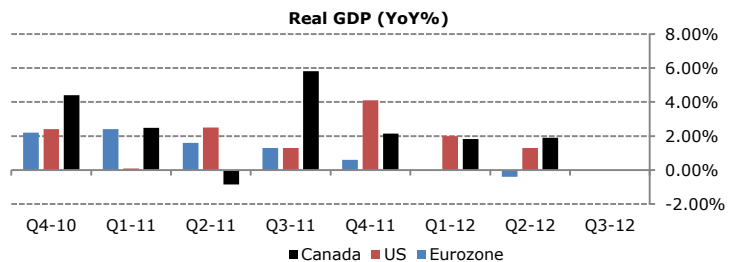
Canada	Q4-11	Q1-12	Q2-12	Q3-12	2012E
Real GDP	2.15%	1.82%	1.90%	NA	2.00%
CPI	2.70%	2.33%	1.90%	1.23%	1.70%
Unemployment	7.50%	7.20%	7.20%	7.40%	7.30%

US	Q4-11	Q1-12	Q2-12	Q3-12	2012E
Real GDP	4.10%	2.00%	1.30%	NA	2.10%
CPI	3.30%	2.83%	1.90%	1.70%	2.00%
Unemployment	8.50%	8.20%	8.20%	7.80%	8.10%

China	Q4-11	Q1-12	Q2-12	Q3-12	2012E
Real GDP	8.90%	8.10%	7.60%	7.40%	7.70%



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