

Today's Commentary

Friday's Spanish bank stress test results continued to fuel investors on Monday as North American equity markets started their rebound from the biggest weekly decline in four months. There was further good news out of the US as manufacturing unexpectedly rose, moving more investors into risk on bets. The ISM manufacturing index was estimated to be 49.7 for September, but came in well above at 51.5. This sentiment was paralleled within the Eurozone, as the 17-nation gauge came in at 46.1, ahead of the forecasted 46. Anything below a score of 50 indicates a contraction. These positive numbers help to reduce fears of further economic contraction for both the US and Eurozone nations. As a result, the S&P 500 and DJIA gained 0.27% and 0.58%, respectively, while the S&P/TSX jumped 0.43% before day's end. Both gold and crude also enjoyed gains on the day, as gold bullion climbed 0.18%, while WTI crude managed a 0.31% increase.

Ben Bernanke, Chairman of the Federal Reserve and Federal Open Markets Committee, defended the central bank's QE3 implementation yesterday. Bernanke reiterated the program's ability to spur growth, lower unemployment, as well as support a weakened US dollar. Policy makers expect that the US economy will not remain weakened through 2015 – the timeline for the Fed's target rate to be kept at its lower limit – but Bernanke said that the record stimulus will continue until after the program's gains are realized. He went on to say that the Fed's biggest concern is not that the US dips into a recession, but that economic growth is too slow to support job growth.

Spain's bonds advanced for a fourth day in a row, on speculation that the indebted nation will be forced to accept the ECB's bailout. Yields on short term Spanish bonds fell to recent lows, as the looming bailout seeks to reduce borrowing costs on government debt under three years in duration. The yield rate on Spanish 10 year bonds plummeted to 5.68% this morning, continuing their recent volatility. German bunds experienced a decrease in demand as their safe haven status seems less crucial.

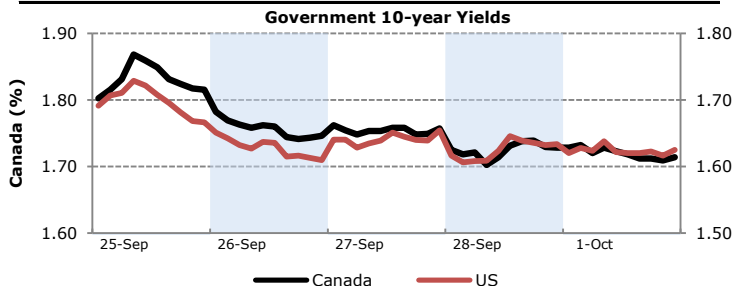
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

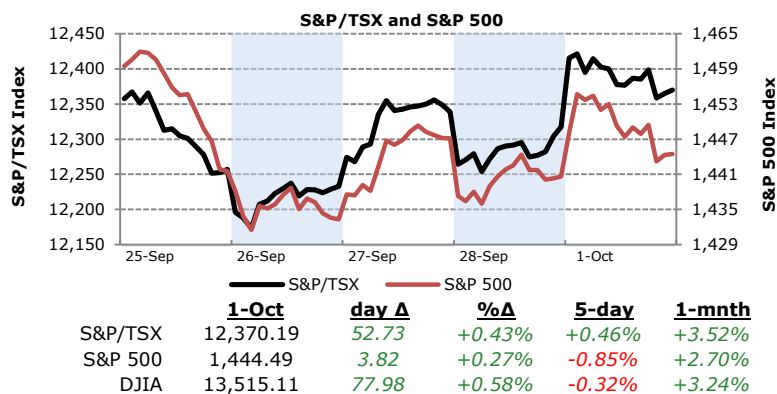
United States **Period** **Survey** **Actual** **Prior**
None Scheduled

Canada **Period** **Survey** **Actual** **Prior**
None Scheduled

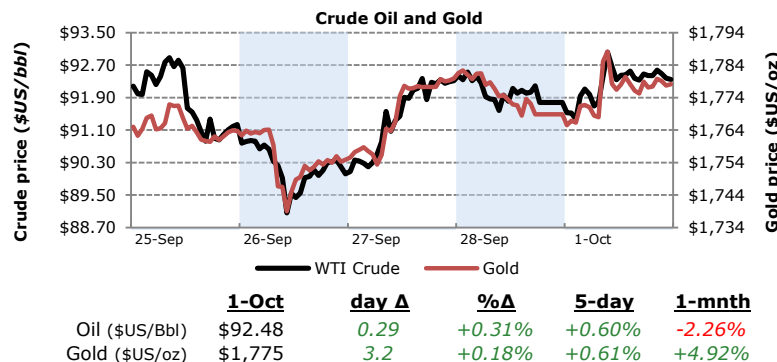
Interest Rates



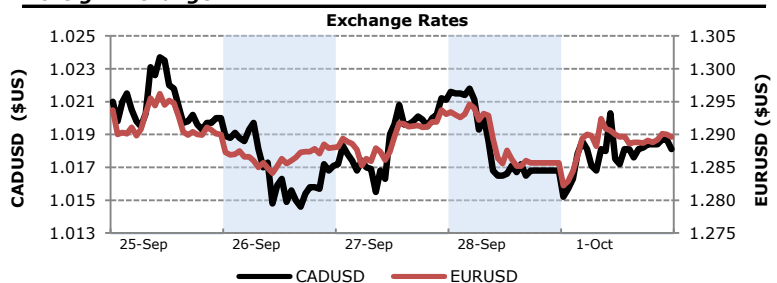
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	1-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.982	-0.001	0.979	0.986	1.030
EURUSD	\$1.289	+0.003	1.293	1.258	1.364
USDJPY	¥77.99	+0.030	77.850	78.39	76.65

	Government 10-year Yields		Historical levels		
	1-Oct	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.71%	-0.014%	1.77%	1.74%	2.16%
United States	1.62%	-0.009%	1.55%	1.63%	1.92%

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.

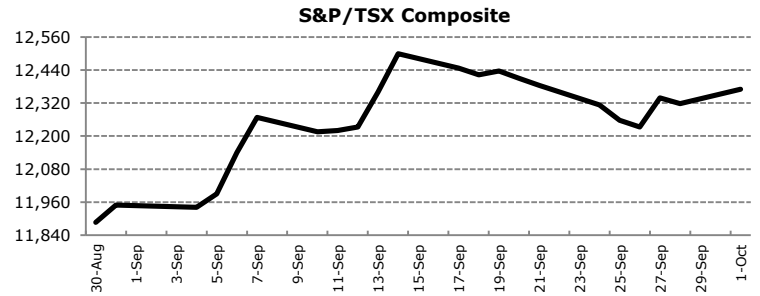
<http://www.rotman.utoronto.ca/financeassociation>

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	1-Oct	day Δ	%Δ
S&P/TSX	12,370.19	52.73	+0.43%
Trailing S&P/TSX			
5-day		+0.46%	+0.47%
1-month		+3.52%	+3.39%
3-months		+6.67%	+6.48%
6-months		-0.18%	-0.05%
12-months		+6.42%	+5.93%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.49%	+0.38%	+1.23%	+13.39%
C. Staples	+0.46%	+1.01%	-1.00%	+13.88%
Energy	+1.02%	-0.47%	+3.82%	+8.59%
Financials	+0.11%	-0.04%	+2.31%	+6.25%
Healthcare	+0.88%	+1.05%	-1.35%	+21.32%
Info Tech	+0.13%	+2.62%	+2.13%	-11.16%
Industrials	+0.43%	-0.40%	+1.28%	+21.06%
Materials	+0.53%	+2.13%	+10.23%	-3.93%
Metals & Mining	-0.41%	-1.27%	+8.26%	+6.52%
Telecom	+0.06%	+0.82%	+0.20%	+10.71%
Utilities	+0.39%	+2.20%	+1.78%	-0.74%

TSX Top Performers

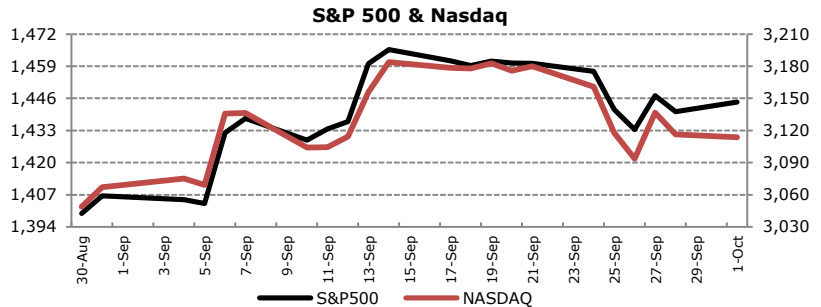
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Paramount Resources Ltd		+6.67%	+12.17%	+32.75%	+3.73%
Crew Energy Inc		+5.52%	+2.69%	+21.85%	-17.67%
Advantage Oil & Gas Ltd		+5.43%	+4.86%	+12.79%	-1.77%
Transglobe Energy Corp		+5.23%	+4.16%	+11.60%	+33.41%
Birchcliff Energy Ltd		+5.12%	+3.41%	+3.56%	-31.43%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Thompson Creek Metals Co		-3.57%	-14.29%	-2.88%	-57.48%
Aurizon Mines Ltd		-3.49%	+1.01%	+24.19%	-6.92%
Oceanagold Corp		-3.37%	+2.94%	+21.15%	+32.35%
Home Capital Group Inc		-2.57%	-5.15%	-1.73%	+14.95%
Transcontinental Inc-CI A		-2.51%	-3.67%	-17.02%	-25.46%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
1-Oct	1,444.49	13,515.11	3,113.53
1-day	+0.27%	+0.58%	-0.09%
5-day	-0.85%	-0.32%	-1.49%
1-month	+2.70%	+3.24%	+1.52%
3-months	+6.04%	+4.93%	+6.08%
6-months	+2.56%	+2.29%	+0.71%
12-months	+27.67%	+23.84%	+28.90%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.01%	-1.25%	+3.10%	+34.37%
C. Staples	+0.68%	-0.09%	+1.80%	+21.45%
Energy	+0.54%	-0.45%	+3.87%	+25.16%
Financials	+0.47%	-1.14%	+3.77%	+32.69%
Healthcare	+0.59%	+0.18%	+4.42%	+27.28%
Info Tech	-0.19%	-1.72%	+0.99%	+30.52%
Industrials	+0.42%	-0.52%	+1.96%	+26.93%
Materials	+0.31%	-1.16%	+3.87%	+26.58%
Telecom	-0.25%	-1.56%	+3.59%	+28.46%
Utilities	-0.42%	-0.48%	+0.46%	+7.82%

DJIA Top Performers

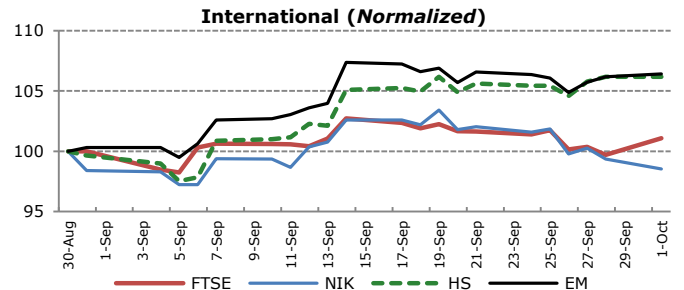
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Unitedhealth Group Inc		+1.89%	+0.86%	+3.98%	+22.42%
American Express Co		+1.53%	+0.10%	-0.98%	+28.57%
Bank Of America Corp		+1.47%	-1.54%	+12.14%	+46.41%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Microsoft Corp		-0.89%	-4.08%	-4.23%	+18.58%
Caterpillar Inc		-0.66%	-5.94%	+0.16%	+15.75%
Walt Disney Co/The		-0.40%	-1.61%	+5.26%	+72.65%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	5,820.45	8,796.51	20,840.38	1,005.08
1-day	+1.37%	-0.83%	+0.38%	+0.24%
5-day	-0.31%	-3.01%	+0.51%	+0.07%
1-month	+1.91%	-0.49%	+5.19%	+6.10%
3-months	+4.47%	-2.33%	+9.54%	+7.23%
6-months	+0.90%	-12.76%	-0.22%	-3.49%
12-months	+13.49%	+1.11%	+15.71%	+14.16%



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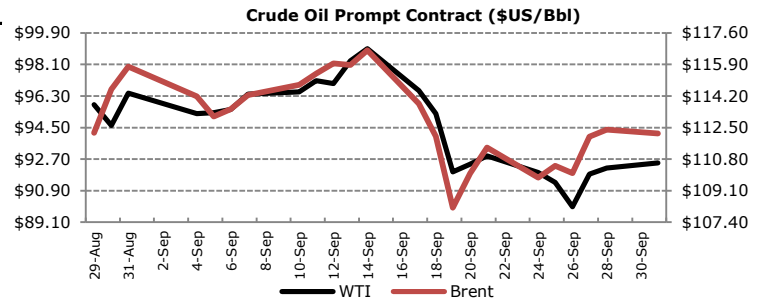
Nymex WTI Crude Oil

(\$US/Bbl)	1-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$92.48	+\$0.29	+0.31%	+0.60%	-2.26%
Cal 13	\$94.04	+\$0.32	+0.35%	+1.04%	-3.01%
Cal 14	\$92.21	+\$0.43	+0.47%	+1.55%	-0.93%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$94.50	\$95.00	\$100.00	\$100.00	\$101.00
Current Forward	\$93.67	\$94.38	\$94.26	\$93.84	\$92.21

Inventory Levels (as of Sep-21)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	365,180	-2,446	337,426	319,411
Motor Gas	195,828	-481	214,389	200,481
Distillates	127,748	-482	171,756	140,851



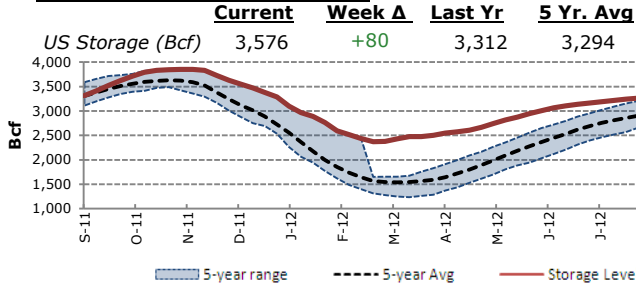
UK Brent Crude Oil

(\$US/Bbl)	1-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$112.19	-\$0.20	-0.18%	+2.17%	-2.08%

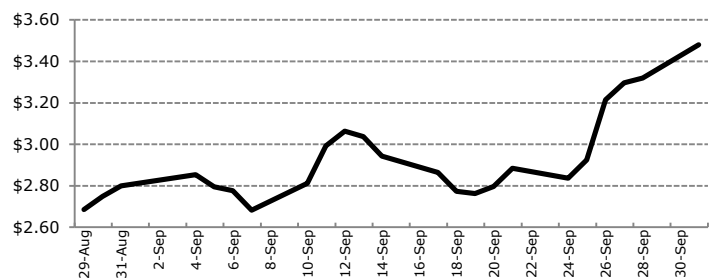
Nymex Natural Gas

(\$US/MMbtu)	1-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.48	+\$0.16	+4.82%	+22.66%	+26.64%
Nov12-Mar13	\$3.78	+\$0.13	+3.55%	+12.01%	+15.69%
Apr13-Oct13	\$3.90	+\$0.09	+2.25%	+8.15%	+12.52%
Nov13-Mar14	\$4.25	+\$0.08	+1.82%	+6.13%	+9.95%
Apr14-Oct14	\$4.15	+\$0.04	+1.07%	+4.62%	+8.88%

Inventory Levels (as of Sep-21)



Nat Gas Prompt (\$US/MMbtu)

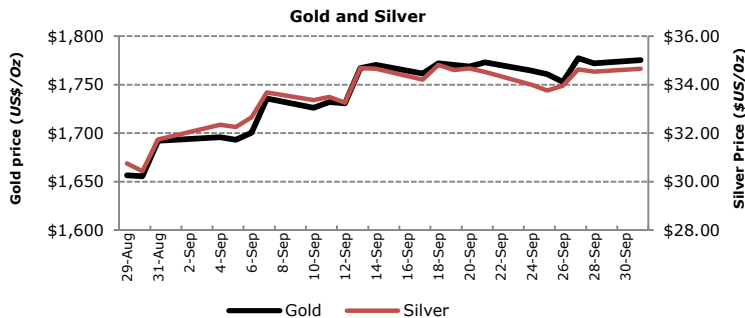


Alberta Natural Gas

(\$CAD/GJ)	1-Oct	day Δ	%Δ
AECO Nov-12	\$2.98	+\$0.25	+9.2%

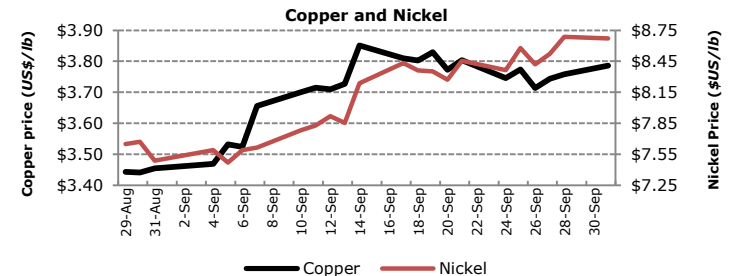
Precious Metals

\$US/oz	1-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,775.30	+\$3.20	+0.2%	+0.6%	+4.9%	+9.8%
Silver	\$34.66	+\$0.12	+0.3%	+2.0%	+9.2%	+22.6%
Platinum	\$1,680	+\$17.75	+1.1%	+3.6%	+9.1%	+12.8%



Industrial Metals

\$US/lb	1-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.79	+\$0.03	+0.7%	+1.1%	+9.6%	+7.1%
Nickel	\$8.67	-\$0.02	-0.2%	+3.6%	+15.8%	+8.5%
Zinc	\$1.00	-\$0.02	-2.2%	-0.4%	+11.7%	+6.4%
Aluminum	\$0.94	-\$0.01	-1.1%	0.0%	+11.9%	+8.0%
Uranium	\$45.75	+\$0.10	+0.2%	-1.4%	-4.7%	-9.9%



Agriculture & Other

	1-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.57	+\$0.00	+0.1%	+1.6%	-5.4%
Wheat (\$US/bu)	\$8.84	-\$0.18	-2.0%	-0.9%	-0.6%
Soybeans (\$US/bu)	\$15.60	-\$0.41	-2.5%	-3.1%	-11.2%
Rough Rice (\$US/cwt)	\$15.24	-\$0.23	-1.5%	+0.4%	-0.3%
Sugar #11 (¢US/lb)	¢21.13	+¢0.71	+3.5%	+4.2%	+3.0%
Lean Hogs (¢US/lb)	¢75.13	+¢1.38	+1.9%	-0.3%	+3.8%
Live Cattle (¢US/lb)	¢126.13	+¢1.43	+1.1%	-1.8%	-2.0%
Cotton No.2 (\$US/lb)	\$0.71	+\$0.01	+0.8%	-1.8%	-7.8%
Lumber (\$US/Mbft)	\$284.80	+\$5.80	+2.1%	+3.4%	+0.6%

Commodity ETFs

\$CAD	1-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.72	+\$0.03	+0.6%	+0.6%	-6.3%
HBP Nat Gas U	\$16.92	+\$1.44	+9.3%	+29.5%	+41.4%
HBP Comex Gold	\$17.72	+\$0.02	+0.1%	+0.6%	+6.9%

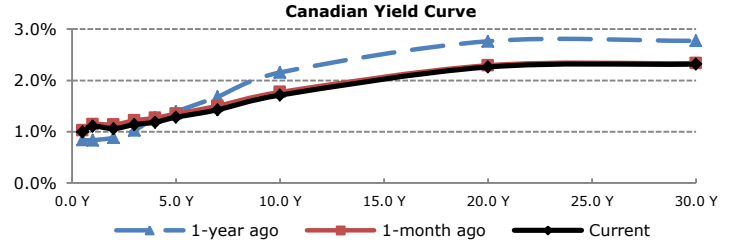
\$USD	1-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$34.25	+\$0.13	+0.4%	+0.5%	-4.6%
US Nat Gas	\$22.33	+\$0.99	+4.6%	+14.0%	+18.7%
PSDB Agriculture	\$29.43	+\$0.02	+0.1%	-0.3%	-3.3%
PSDB Base Metals	\$19.92	+\$0.12	+0.6%	+1.0%	+11.5%

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Interest Rates

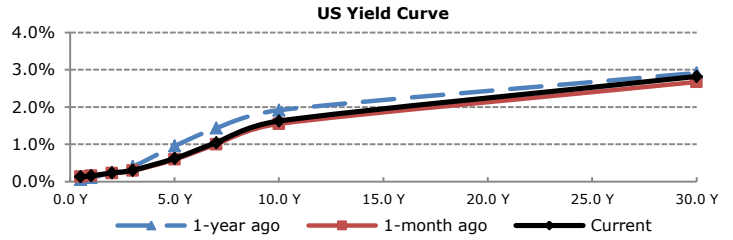
Canadian yield curve

	1-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.97%	-	1.03%	0.87%	0.80%
6-mnth	1.00%	-	1.03%	0.96%	0.84%
12-mnth	1.11%	-	1.15%	0.98%	0.84%
2-year	1.06%	-0.00%	1.14%	1.04%	0.89%
5-year	1.28%	-0.01%	1.35%	1.27%	1.40%
10-year	1.71%	-0.01%	1.77%	1.74%	2.16%
20-year	2.26%	-0.00%	2.30%	2.30%	2.76%
30-year	2.32%	-0.00%	2.34%	2.33%	2.77%

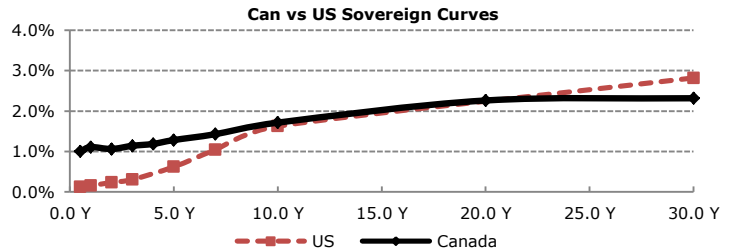
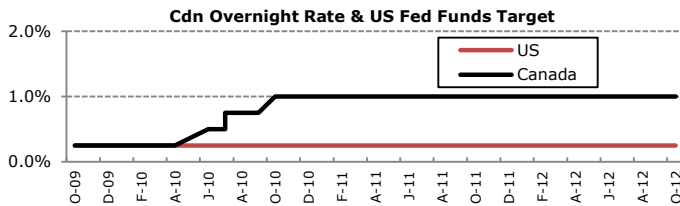


US yield curve

	1-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.08%	-0.01%	0.07%	0.08%	0.02%
6-mnth	0.13%	-	0.13%	0.14%	0.05%
12-mnth	0.15%	-	0.16%	0.20%	0.10%
2-year	0.23%	+0.00%	0.22%	0.30%	0.24%
5-year	0.62%	-0.00%	0.59%	0.70%	0.95%
10-year	1.62%	-0.01%	1.55%	1.63%	1.92%
30-year	2.82%	-0.00%	2.67%	2.74%	2.91%



	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	1-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.982	-0.001	0.986	1.012	1.030
EURUSD	\$1.289	+0.003	1.258	1.261	1.364
USDJPY	¥77.99	+0.030	78.39	79.79	76.65
GBPUSD	\$1.613	-0.004	1.587	1.569	1.558
AUDUSD	\$1.036	-0.002	1.032	1.028	0.995

Spot	1-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥79.40	+0.168	79.47	78.83	74.42
CADAUD	\$0.982	+0.003	0.983	0.961	0.976
GBPCAD	£1.585	-0.006	1.565	1.588	1.604
EURJPY	¥100.52	+0.310	98.56	100.61	104.55
EURAUD	\$1.24	+0.005	1.22	1.23	1.37

Economic Releases

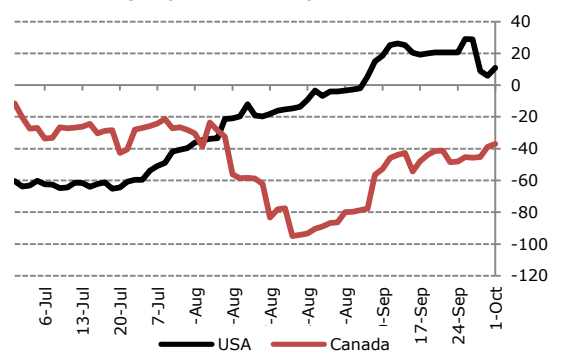
United States

Date	Release	Period	Survey	Actual	Prior
Mon, Oct 01	ISM Manufacturing	30-Sep	49.7	51.5	49.6
Wed, Oct 03	MBA Mortgage Applications	28-Sep	--	--	2.8%
Thu, Oct 04	Factory Orders	31-Aug	-5.9%	--	2.8%
Thu, Oct 04	Continuing Claims	22-Sep	3277.5K	--	3271K
Thu, Oct 04	Initial Jobless Claims	29-Sep	370K	--	359K
Fri, Oct 05	Nonfarm Payroll	30-Sep	115K	--	96K
Fri, Oct 05	Unemployment Rate	30-Sep	8.2%	--	8.1%

Canada

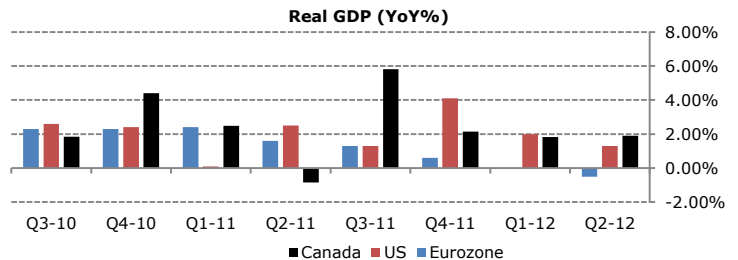
Date	Release	Period	Survey	Actual	Prior
Fri, Oct 05	Building Permits (MoM)	31-Aug	-1.3%	--	-2.5%
Fri, Oct 05	Net Change in Employment	30-Sep	10K	--	34.3K
Fri, Oct 05	Unemployment	30-Sep	7.3%	--	7.3%

Citigroup Economic Surprise Index



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%	1.75%
Unemployment	7.20%	7.50%	7.20%	7.20%	7.30%
US					
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%
China					
Real GDP	9.10%	8.90%	8.10%	7.60%	7.70%



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