

Today's Commentary

A decline in US existing home sales along with missed earnings sent the US and Canadian equity markets reeling on Friday. GE, McDonald's, and Microsoft were just a few of the companies that posted missed earnings for Q3 2012 on Friday, helping drive the S&P 500 and Dow down 1.66% and 1.52%, respectively. This marks the worst daily decline for the S&P 500 since June 21. Adding to the mass sell-off in equities was a monthly decline in US existing home sales from 4.82M in August to 4.75M in September. WTI crude followed suit as the oil's price dropped over \$2 per barrel on Friday, ending at \$90.05. The S&P/TSX also suffered losses on the day, falling a modest 0.4% by comparison. Every Canadian sector except Materials fell on the day. Gold prices slid nearly \$20 per ounce Friday, as even precious metals were not seen as a safe haven for investors. US and Canadian treasuries did increase, however, as investors flocked towards government backed assets sending rates down on all US notes and the majority of Canadian notes.

The European Union completed its 20th crisis-fighting summit on Friday with a newly proposed banking union dominating talks throughout the 2-day meeting. EU leaders agreed to a new system that will see the ECB become the main financial supervisors for the 27 nation bloc on January 1, 2013. It is expected that by January 1, 2014 the ECB could also cover all 6,000 Eurozone banks. The agreed upon formula is largely derived by German Chancellor Angela Merkel and French President Francois Hollande. Leaders dodged questions about the possibility of Spain requesting further aid, while praising Greece for the country's efforts to cut costs and secure its next installment of funding. Spanish 10-year yields remained relatively quiet on Friday, hovering around 5.34%, while the euro fell 0.2% against the USD to \$1.3042.

The Canadian government ruled against a \$5.2 billion takeover bid that would have seen PETRONAS Carigali Canada Ltd. – a subsidiary of Malaysian based Petroleum Nasional Bhd. – acquire Calgary based Progress Energy Resources Corp. According to a statement released by Industry Minister Christian Paradis, the government "was not satisfied that the proposed investment is likely to be of net benefit to Canada." Investors saw this deal as a testing ground for the upcoming CNOOC Ltd. \$15.1 billion bid to takeover Nexen Inc., another Calgary based company. This marks the second takeover rejection by the Canadian government in as many years. In 2010, a \$40 billion proposed takeover of Potash Corp. of Saskatchewan Inc. by BHP Billiton Ltd. was denied with little explanation provided.

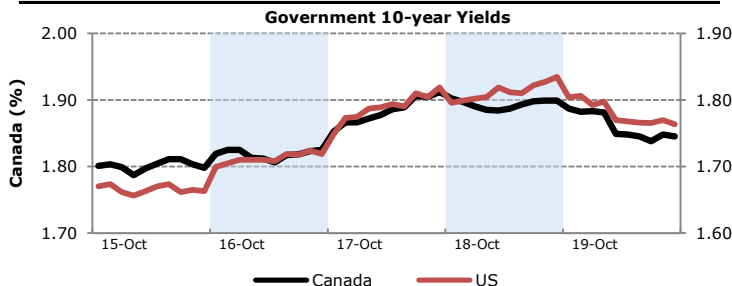
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

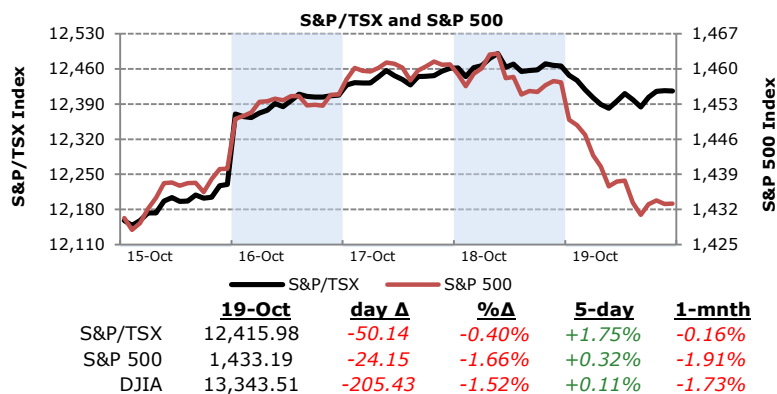
United States **Period** **Survey** **Actual** **Prior**
None Scheduled

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

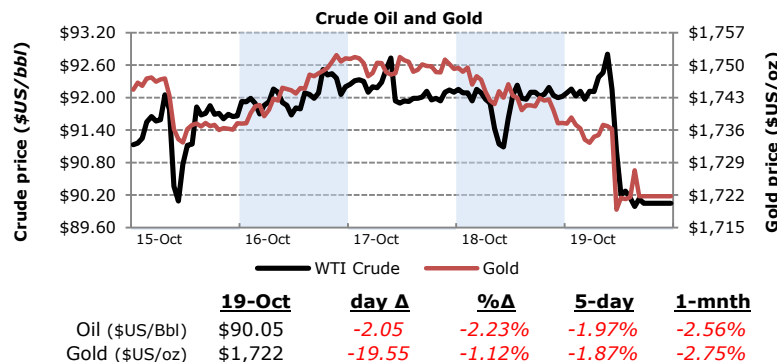
Interest Rates



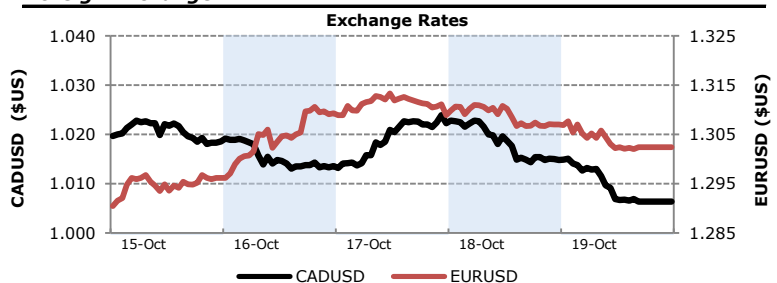
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

	Spot	19-Oct	day Δ	Historical levels		
				-5 days	-1 mnth	-1 year
USDCAD	\$0.994		+0.008	0.980	0.977	1.001
EURUSD	\$1.302		-0.004	1.295	1.297	1.386
USDJPY	¥79.32		+0.040	78.440	78.24	78.17

Government 10-year Yields

	19-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.85%	-0.054%	1.89%	1.61%	2.31%
United States	1.76%	-0.071%	1.77%	1.46%	2.19%

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.

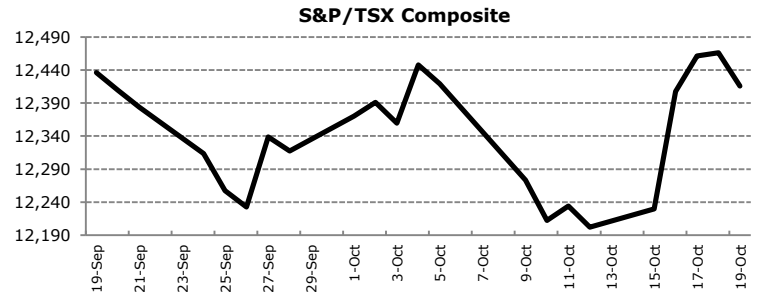
<http://www.rotman.utoronto.ca/financeassociation>

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	19-Oct	day Δ	%Δ
S&P/TSX	12,415.98	-50.14	-0.40%
Trailing S&P/TSX TSX 60			
5-day	+1.75%	+2.07%	
1-month	-0.16%	-0.10%	
3-months	+6.43%	+6.62%	
6-months	+2.16%	+2.36%	
12-months	+4.78%	+5.10%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.26%	+1.08%	-0.84%	+11.77%
C. Staples	-0.43%	+0.29%	+1.53%	+13.80%
Energy	-0.53%	+3.08%	+0.59%	+0.93%
Financials	-0.38%	+2.29%	+1.43%	+8.53%
Healthcare	-1.41%	-0.39%	+1.04%	+23.11%
Info Tech	-1.36%	-0.13%	-0.64%	-11.70%
Industrials	-0.60%	+1.20%	-0.83%	+15.62%
Materials	+0.26%	+1.47%	-3.04%	-4.67%
Metals & Mining	-1.38%	+3.17%	-1.97%	+0.35%
Telecom	-0.33%	+0.59%	+2.04%	+9.26%
Utilities	-0.38%	+0.83%	+0.71%	-2.03%

TSX Top Performers

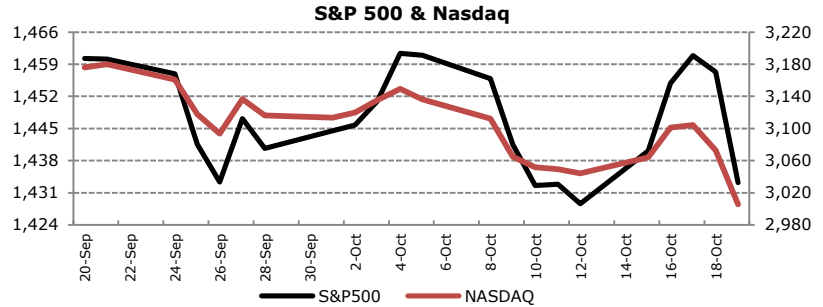
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Rio Alto Mining Ltd		+3.28%	+1.07%	+8.00%	NA
Silver Standard Resources		+2.46%	+5.19%	-5.66%	-11.30%
Colossus Minerals Inc		+2.18%	+5.24%	+5.24%	-11.22%
Eldorado Gold Corp		+2.08%	+3.71%	-6.25%	-15.02%
Goldcorp Inc		+2.01%	+0.89%	-5.22%	-4.35%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Astral Media Inc-A		-15.94%	-18.65%	-17.08%	+11.99%
Niko Resources Ltd		-13.43%	-20.93%	+19.90%	-76.06%
Thompson Creek Metals Co		-5.50%	+4.17%	-23.18%	-58.65%
Blackpearl Resources Inc		-4.52%	+1.99%	-0.55%	-17.66%
Taseko Mines Ltd		-4.12%	-7.92%	-14.94%	-11.71%

US Indices

	S&P 500	DJIA	Nasdaq
Trailing			
19-Oct	1,433.19	13,343.51	3,005.62
1-day	-1.66%	-1.52%	-2.19%
5-day	+0.32%	+0.11%	-1.26%
1-month	-1.91%	-1.73%	-5.56%
3-months	+4.12%	+3.09%	+1.34%
6-months	+4.09%	+2.93%	-0.06%
12-months	+18.46%	+15.98%	+15.42%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-1.69%	+0.81%	-2.14%	+22.62%
C. Staples	-1.25%	-0.65%	-0.91%	+16.09%
Energy	-1.50%	+1.75%	-0.42%	+10.79%
Financials	-1.28%	+1.95%	+0.74%	+28.04%
Healthcare	-1.64%	+0.74%	+1.77%	+25.25%
Info Tech	-2.32%	-2.42%	-7.83%	+14.21%
Industrials	-1.76%	+0.71%	-1.80%	+16.78%
Materials	-2.00%	+2.11%	-1.73%	+15.63%
Telecom	-1.72%	-0.15%	-3.89%	+22.35%
Utilities	-0.68%	+1.83%	+3.46%	+8.92%

DJIA Top Performers

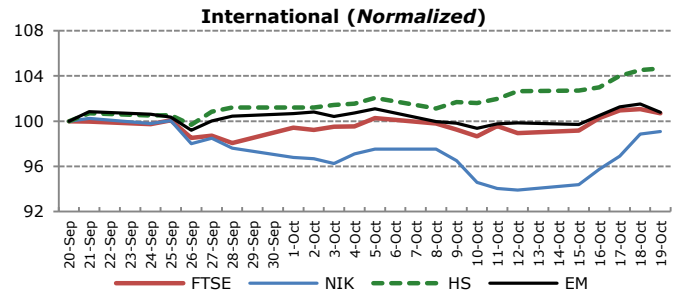
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Home Depot Inc		+0.15%	+3.91%	+5.15%	+73.22%
Bank Of America Corp		-0.32%	+3.51%	+2.28%	+45.90%
Boeing Co/The		-0.34%	+3.01%	+5.05%	+18.43%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Mcdonald'S Corp		-4.50%	-4.10%	-4.68%	-0.33%
General Electric Co		-3.42%	-2.00%	-0.94%	+32.47%
Caterpillar Inc		-3.19%	+1.26%	-9.90%	-0.47%

International Markets

	FTSE 100	Nikkei	Hang Seng	MSCI EM
Trailing				
Last Close	5,896.15	9,002.68	21,551.76	1,006.07
1-day	-0.35%	+0.22%	+0.15%	-0.72%
5-day	+1.77%	+5.49%	+1.96%	+0.94%
1-month	+0.13%	-2.49%	+3.41%	-0.33%
3-months	+3.18%	+2.35%	+10.19%	+6.90%
6-months	+2.64%	-6.11%	+2.65%	-1.70%
12-months	+8.18%	+2.62%	+17.71%	+7.84%



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Nymex WTI Crude Oil

(\$US/Bbl)	19-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$90.05	-\$2.05	-2.23%	-1.97%	-2.56%
Cal 13	\$92.27	-\$1.96	-2.07%	-1.82%	-5.70%
Cal 14	\$90.97	-\$1.61	-1.74%	-1.43%	-3.91%

(\$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	\$91.44	\$92.45	\$92.71	\$92.46	\$90.97

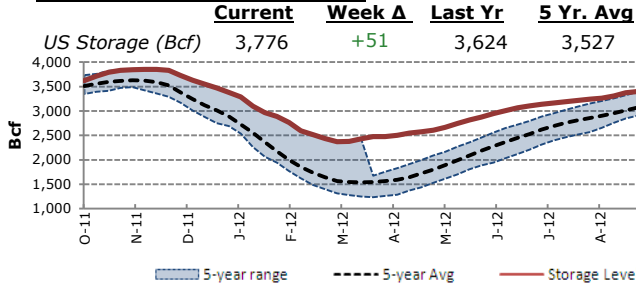
Inventory Levels (as of Oct-12)

(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

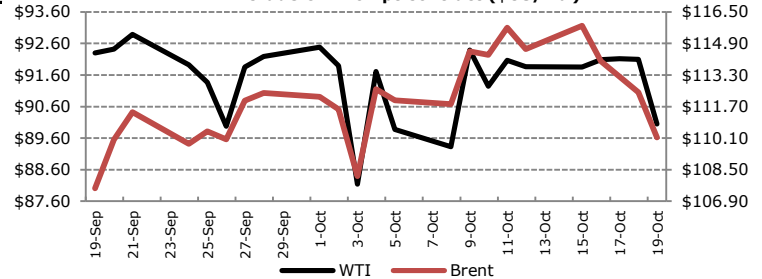
Nymex Natural Gas

(\$US/MMbtu)	19-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.62	+\$0.03	+0.84%	+0.17%	+29.32%
Nov12-Mar13	\$3.95	+\$0.04	+0.94%	+1.51%	+26.20%
Apr13-Oct13	\$4.04	+\$0.02	+0.55%	+1.66%	+20.33%
Nov13-Mar14	\$4.38	+\$0.02	+0.47%	+1.29%	+16.51%
Apr14-Oct14	\$4.20	+\$0.00	+0.08%	+0.46%	+12.50%

Inventory Levels (as of Oct-12)



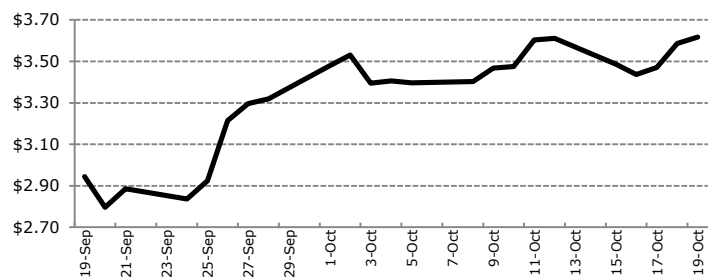
Crude Oil Prompt Contract (\$US/Bbl)



UK Brent Crude Oil

(\$US/Bbl)	19-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$110.14	-\$2.28	-2.07%	-3.91%	+0.10%

Nat Gas Prompt (\$US/MMbtu)



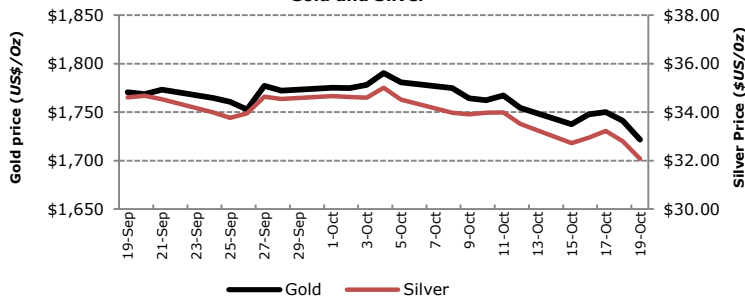
Alberta Natural Gas

(\$CAD/GJ)	19-Oct	day Δ	%Δ
AECO Nov-12	\$3.19	+\$0.02	+0.6%

Precious Metals

\$US/oz	19-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,721.75	-\$19.55	-1.1%	-1.9%	-2.7%	+8.7%
Silver	\$32.08	-\$0.72	-2.2%	-4.3%	-7.3%	+17.4%
Platinum	\$1,620	-\$21.25	-1.3%	-2.0%	-1.3%	+14.5%

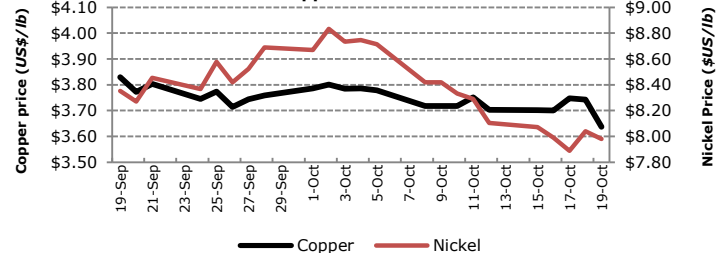
Gold and Silver



Industrial Metals

\$US/lb	19-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.64	-\$0.11	-2.8%	-1.8%	-5.0%	+5.5%
Nickel	\$7.98	-\$0.06	-0.7%	-1.5%	-4.5%	+7.5%
Zinc	\$0.93	-\$0.01	-1.4%	-1.2%	-10.1%	+1.2%
Aluminum	\$0.90	+\$0.00	0.0%	0.0%	-7.2%	+4.7%
Uranium	\$44.00	+\$0.00	0.0%	0.0%	-5.9%	-11.8%

Copper and Nickel



Agriculture & Other

	19-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.62	+\$0.01	+0.1%	+1.2%	+0.7%
Wheat (\$US/bu)	\$8.73	+\$0.04	+0.5%	+1.8%	-1.0%
Soybeans (\$US/bu)	\$15.37	-\$0.10	-0.6%	+1.0%	-8.0%
Rough Rice (\$US/cwt)	\$15.02	+\$0.09	+0.6%	-0.0%	-0.7%
Sugar #11 (¢US/lb)	¢20.23	+¢0.44	+2.2%	+0.9%	+2.7%
Lean Hogs (¢US/lb)	¢79.63	+¢0.78	+1.0%	+1.6%	+6.6%
Live Cattle (¢US/lb)	¢127.28	-¢0.78	-0.6%	+1.4%	-1.4%
Cotton No.2 (\$US/lb)	\$0.77	-\$0.01	-1.1%	+7.7%	+0.6%
Lumber (\$US/Mbft)	\$310.80	-\$4.90	-1.6%	+4.6%	+7.9%

Commodity ETFs

\$CAD	19-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.45	-\$0.20	-4.3%	-4.1%	-5.5%
HBP Nat Gas U	\$18.21	+\$0.19	+1.1%	+2.1%	+46.5%
HBP Comex Gold	\$17.18	-\$0.27	-1.5%	-2.3%	-2.9%

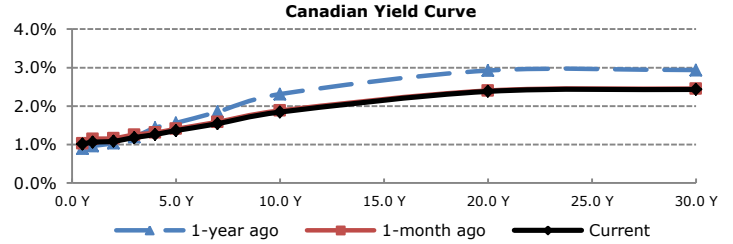
\$USD	19-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$33.34	-\$0.73	-2.1%	-1.9%	-2.3%
US Nat Gas	\$23.09	+\$0.13	+0.6%	-0.3%	+20.9%
PSDB Agriculture	\$29.27	+\$0.06	+0.2%	+1.2%	-2.2%
PSDB Base Metals	\$18.43	-\$0.38	-2.0%	-1.6%	-8.4%

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Interest Rates

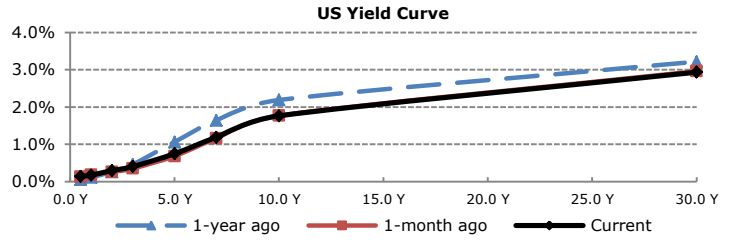
Canadian yield curve

	19-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.97%	-	0.99%	0.91%	0.87%
6-mnth	1.01%	-	1.03%	0.94%	0.90%
12-mnth	1.06%	-0.02%	1.14%	0.97%	0.96%
2-year	1.09%	-0.04%	1.17%	0.96%	1.04%
5-year	1.37%	-0.05%	1.41%	1.15%	1.56%
10-year	1.85%	-0.05%	1.89%	1.61%	2.31%
20-year	2.38%	-0.05%	2.41%	2.20%	2.92%
30-year	2.43%	-0.06%	2.46%	2.24%	2.94%

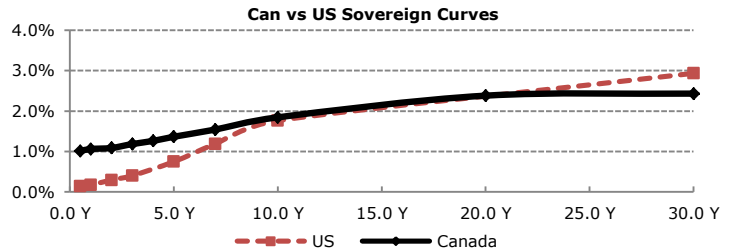
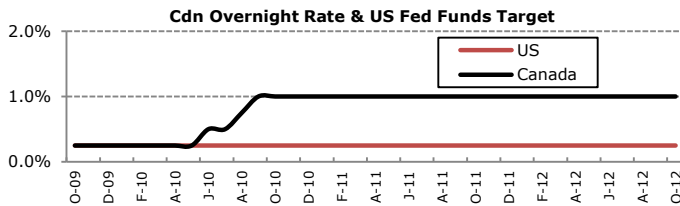


US yield curve

	19-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.09%	-0.00%	0.11%	0.09%	0.02%
6-mnth	0.14%	-0.01%	0.13%	0.14%	0.05%
12-mnth	0.17%	-0.01%	0.18%	0.15%	0.11%
2-year	0.29%	-0.00%	0.26%	0.20%	0.26%
5-year	0.75%	-0.04%	0.68%	0.57%	1.06%
10-year	1.76%	-0.07%	1.77%	1.46%	2.19%
30-year	2.93%	-0.09%	2.96%	2.54%	3.22%



	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	19-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.994	+0.008	0.977	1.019	1.001
EURUSD	\$1.302	-0.004	1.297	1.212	1.386
USDJPY	¥79.32	+0.040	78.24	78.40	78.17
GBPUSD	\$1.600	-0.004	1.622	1.551	1.609
AUDUSD	\$1.033	-0.004	1.044	1.026	1.053

Spot	19-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥79.82	-0.636	80.10	76.95	78.12
CADAUD	\$0.974	-0.005	0.981	0.957	0.949
GBPCAD	£1.590	+0.009	1.584	1.580	1.610
EURJPY	¥103.28	-0.290	101.47	94.99	108.33
EURAUD	\$1.26	+0.000	1.24	1.18	1.32

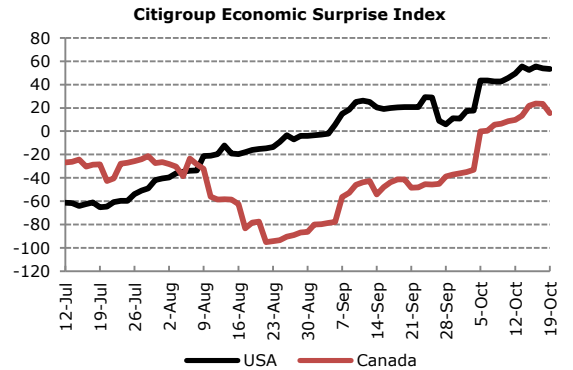
Economic Releases

United States

Date	Release	Period	Survey	Actual	Prior
Wed, Oct 24	MBA Mortgage Applications	19-Oct	--	--	-4.2%
Wed, Oct 24	New Home Sales	30-Sep	385K	--	373K
Thu, Oct 25	Durable Goods Orders	30-Sep	7%	--	-13.2%
Thu, Oct 25	Continuing Claims	13-Oct	3261.5K	--	3252K
Thu, Oct 25	Initial Jobless Claims	20-Oct	370K	--	388K
Fri, Oct 26	GDP QoQ (Annualized)	30-Sep	1.8%	--	0%

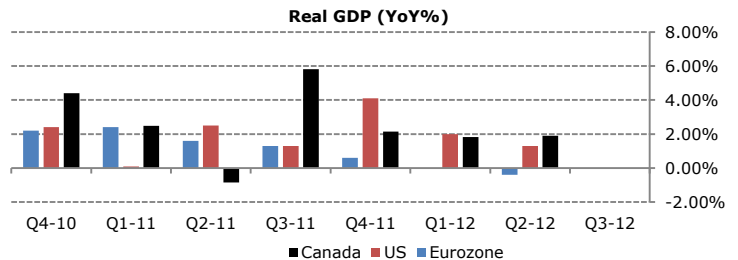
Canada

Date	Release	Period	Survey	Actual	Prior
Tue, Oct 23	Retail Sales (MoM)	31-Aug	0.3%	--	0.7%



Economics

	Q4-11	Q1-12	Q2-12	Q3-12	2012E
Canada					
Real GDP	2.15%	1.82%	1.90%	NA	2.00%
CPI	2.70%	2.33%	1.57%	1.23%	1.70%
Unemployment	7.50%	7.20%	7.20%	7.40%	7.30%
US					
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					
Real GDP	8.90%	8.10%	7.60%	7.40%	7.70%



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