

## Today's Commentary

The markets finally snapped their losing streak yesterday as equities and many key commodities gained. The S&P 500 rose for the first time in a week, gaining 0.3% to 1412.97. US equities were bolstered early on by a better than expected durable goods release and the UK technically ending their recession. The S&P/TSX received a boost from commodity prices, as materials stocks led the index to a 0.86% increase. WTI crude is trading at \$86.13 per barrel this morning, experiencing a seemingly rare price increase yesterday. US and Canadian government debt rose slightly yesterday, continuing the equity/bond tradeoff. US GDP grew more than forecast last quarter, although this left stock futures relatively unchanged. The US economy grew at a 2% annualized rate, up from 1.3% the previous quarter.

France has recently been spending billions of euros on funding for the country's banks. The latest aid package comes in the form of a guarantee of 7 billion euros in new bonds issued by Banque PSA Finance, the consumer-finance division of Europe's second largest carmaker: PSA Peugeot Citroen SA. This funding adds to a string of recent bailouts after the country has already supported the joint French-Belgian lender Dexia SA, as well as mortgager Credit Immobilier de France, bringing total banking aid to over 60 billion euros. These three bailouts have occurred within the last year and happen to coincide with President Francois Hollande's aspirations of creating a European banking union with a common Eurozone bank supervisor. The French government has been able to facilitate these aid packages relatively quietly, even as the country struggles to keep its pledge of capping its budget deficit at 3% of GDP.

Spain's banking system is getting closer to releasing toxic assets – largely comprised of failed real-estate bets – to a new special vehicle that will hold these assets for up to 15 years in an attempt to eventually sell them off. This new vehicle – known colloquially in English as Spain's "bad bank" and formally denoted by the Spanish acronym SAREB – will have the sole purpose of reviving the banking system's lending capabilities by housing and selling 90 billion euros worth of troubled assets. Spain has until the end of the month to create the bad bank as per the stipulations of the country's 100 billion euro bailout package agreed upon in June. Investors are skeptical of the bad bank's ability to succeed in its task; however, as it will not have the ability to lend and may limit its competitiveness with full-service banks selling real-estate assets.

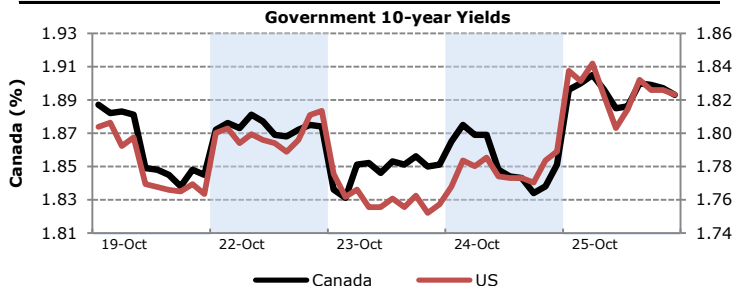
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

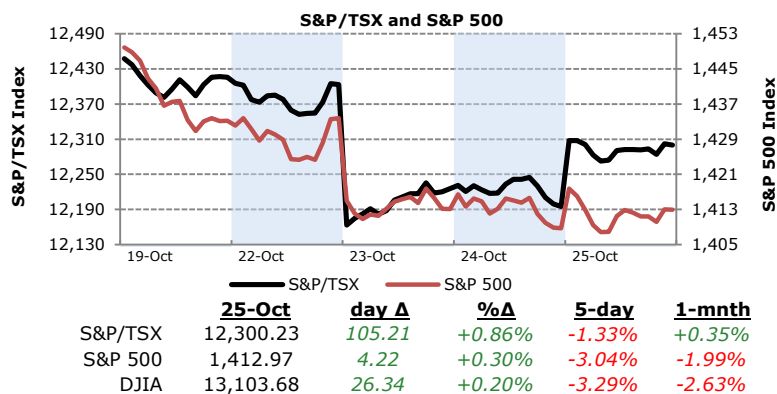
United States	Period	Survey	Actual	Prior
GDP QoQ (Annualized)	30-Sep	1.8%	2%	1.3%

Canada	Period	Survey	Actual	Prior
None Scheduled				

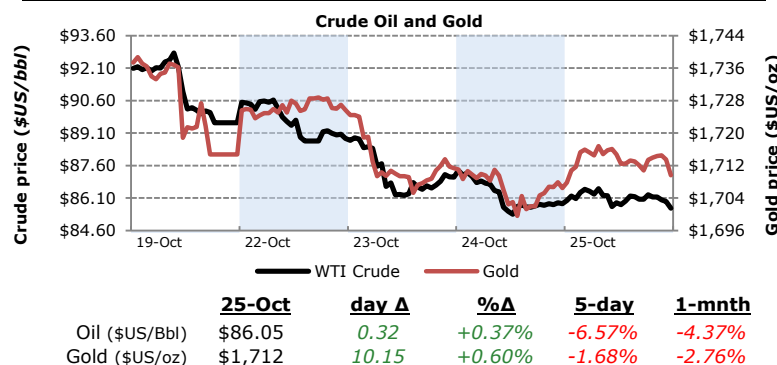
## Interest Rates



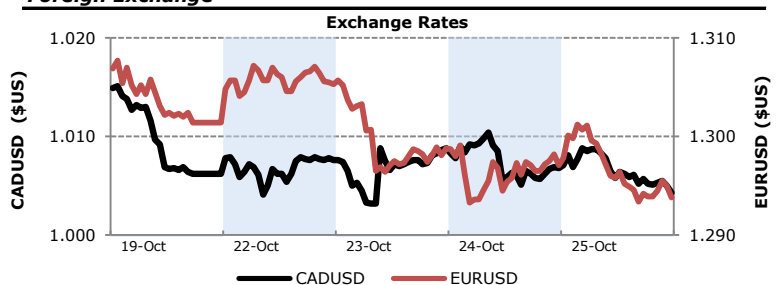
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	25-Oct	day Δ	Historical levels		
USDCAD	\$0.995	+0.001	-5 days	-1 mnth	-1 year
EURUSD	\$1.293	-0.004	1.307	1.287	1.379
USDJPY	¥80.30	+0.490	79.280	77.75	78.24

	25-Oct	day Δ	Historical levels		
Government 10-year Yields			-1 mnth	-3 mnths	-1 year
Canada	1.89%	0.042%	1.82%	1.75%	2.38%
United States	1.82%	0.034%	1.67%	1.55%	2.20%

## 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.

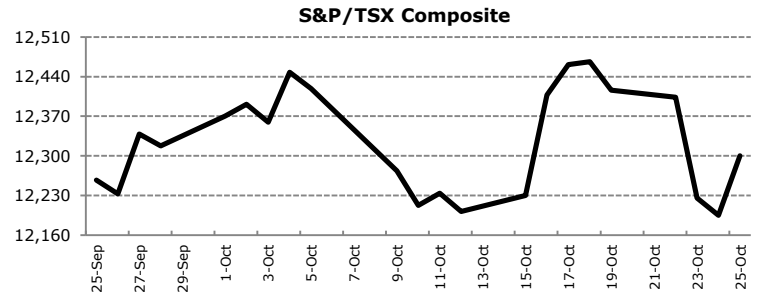
<http://www.rotman.utoronto.ca/financeassociation>

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	<b>25-Oct</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,300.23	105.21	+0.86%
<b>Trailing S&amp;P/TSX TSX 60</b>			
5-day	-1.33%	-1.21%	
1-month	+0.35%	+0.53%	
3-months	+7.03%	+7.37%	
6-months	+1.56%	+2.02%	
12-months	+1.57%	+2.03%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+1.12%	-1.40%	+0.12%	+10.95%
C. Staples	+0.17%	-0.96%	+1.13%	+12.87%
Energy	+0.80%	-3.60%	-0.62%	-4.71%
Financials	+0.35%	-1.32%	+0.92%	+6.72%
Healthcare	+1.05%	-1.72%	-1.07%	+30.44%
Info Tech	+1.48%	-1.06%	+1.52%	-12.89%
Industrials	-0.18%	-0.45%	+1.29%	+12.66%
Materials	+2.15%	+0.38%	+0.78%	-9.82%
Metals & Mining	-0.04%	-1.69%	+4.43%	-6.94%
Telecom	+1.05%	+0.83%	+2.43%	+11.28%
Utilities	-0.09%	-1.02%	+0.40%	-1.90%

**TSX Top Performers**

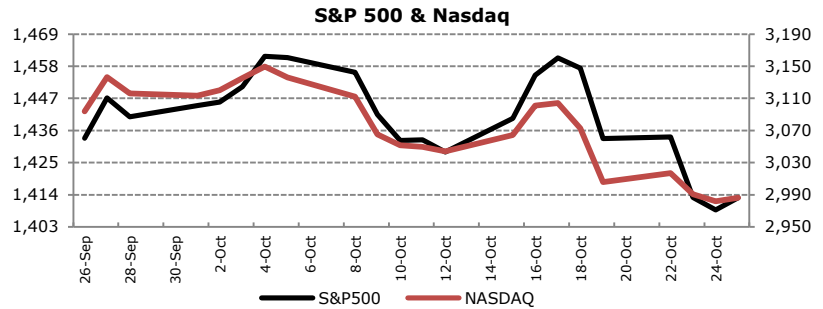
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Agnico-Eagle Mines Ltd	+8.93%	+7.97%	+13.51%	+24.24%
Premier Gold Mines Ltd	+8.24%	+3.86%	-11.44%	+4.63%
Goldcorp Inc	+6.89%	+3.32%	-1.09%	-8.69%
China Gold International	+6.27%	+3.56%	-4.46%	+24.46%
Trinidad Drilling Ltd	+5.56%	-2.43%	-2.98%	-11.86%

**TSX Worst Performers**

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Lundin Mining Corp	-5.31%	-4.61%	+4.87%	+16.44%
Mullen Group Ltd	-4.76%	-7.26%	-8.23%	+6.38%
Sherritt International Co	-3.65%	-8.74%	-7.99%	-18.36%
Niko Resources Ltd	-2.77%	-14.15%	+2.58%	-77.68%
Cott Corporation	-2.37%	-3.69%	+1.42%	+9.66%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
25-Oct	1,412.97	13,103.68	2,986.12
1-day	+0.30%	+0.20%	+0.15%
5-day	-3.04%	-3.29%	-2.82%
1-month	-1.99%	-2.63%	-4.22%
3-months	+5.61%	+3.37%	+4.62%
6-months	+1.60%	+0.10%	-1.44%
12-months	+14.96%	+11.93%	+13.18%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	-0.20%	-3.49%	-2.33%	+17.59%
C. Staples	+0.60%	-1.95%	-1.28%	+14.91%
Energy	+0.93%	-3.96%	-2.13%	+6.31%
Financials	+0.24%	-2.68%	+1.73%	+22.29%
Healthcare	+0.83%	-2.09%	+0.33%	+23.05%
Info Tech	-0.15%	-3.37%	-6.47%	+11.83%
Industrials	+0.50%	-3.22%	-0.83%	+12.51%
Materials	-0.28%	-4.92%	-2.22%	+8.63%
Telecom	-0.33%	-3.65%	-6.28%	+22.33%
Utilities	+0.43%	-2.17%	+0.79%	+6.72%

**DJIA Top Performers**

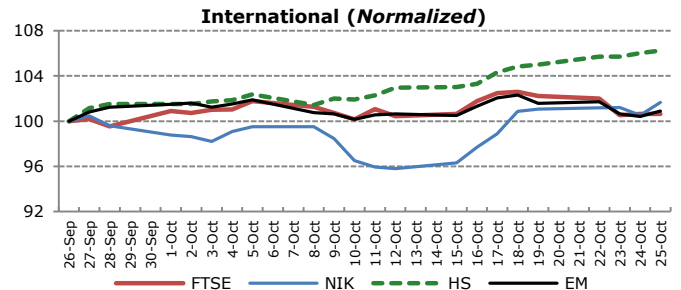
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Procter & Gamble Co/The	+2.92%	+0.86%	+0.44%	+7.88%
Pfizer Inc	+1.19%	-1.65%	+3.52%	+32.76%
Chevron Corp	+1.14%	-3.19%	-5.77%	+3.92%

**DJIA Worst Performers**

<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Boeing Co/The	-1.61%	-3.66%	+2.16%	+7.48%
Travelers Cos Inc/The	-1.45%	-2.46%	+5.41%	+25.43%
Home Depot Inc	-1.31%	-2.14%	+1.84%	+65.47%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	5,805.05	9,055.20	21,810.23	999.12
1-day	+0.00%	+1.13%	+0.21%	+0.46%
5-day	-1.89%	+0.81%	+1.84%	-1.41%
1-month	-0.93%	-0.40%	+5.37%	-0.27%
3-months	+5.58%	+8.24%	+15.54%	+10.32%
6-months	+1.51%	-5.29%	+5.64%	-1.23%
12-months	+5.06%	+3.34%	+14.98%	+4.59%



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### Nymex WTI Crude Oil

(\$US/Bbl)	25-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$86.05	+\$0.32	+0.37%	-6.57%	-4.37%
Cal 13	\$88.29	+\$0.38	+0.43%	-6.29%	-10.98%
Cal 14	\$87.90	+\$0.52	+0.59%	-5.06%	-7.81%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$100.00	\$100.00	\$104.50	\$106.50	\$101.00
Current Forward	\$87.14	\$88.36	\$88.85	\$88.82	\$87.90

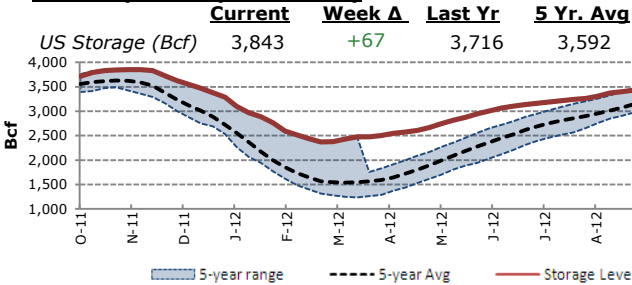
### Inventory Levels (as of Oct-19)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	375,126	+5,896	337,426	319,411
Motor Gas	198,567	+1,439	214,389	200,481
Distillates	118,018	-646	171,756	140,851

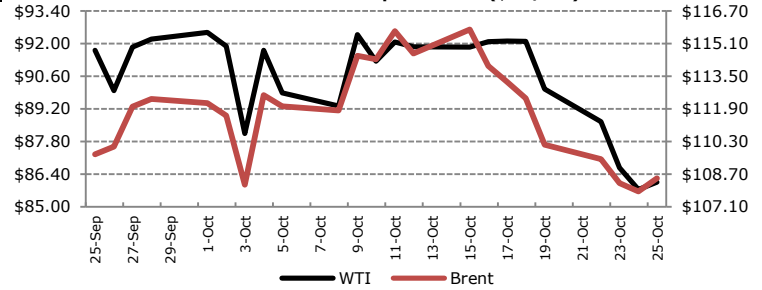
### Nymex Natural Gas

(\$US/MMbtu)	25-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.43	-\$0.02	-0.46%	-4.27%	+6.81%
Nov12-Mar13	\$3.79	+\$0.01	+0.14%	-3.13%	+10.63%
Apr13-Oct13	\$3.94	+\$0.02	+0.62%	-1.83%	+9.02%
Nov13-Mar14	\$4.30	+\$0.03	+0.77%	-1.23%	+7.97%
Apr14-Oct14	\$4.19	+\$0.04	+1.07%	-0.34%	+6.14%

### Inventory Levels (as of Oct-19)



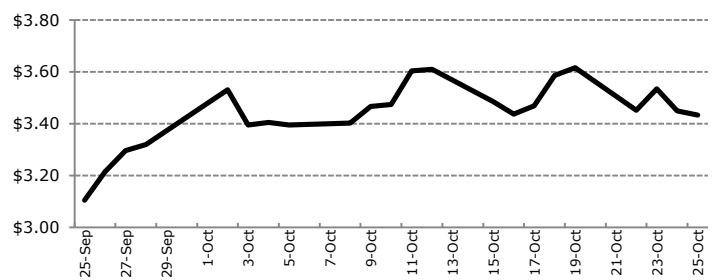
### Crude Oil Prompt Contract (\$US/Bbl)



### UK Brent Crude Oil

(\$US/Bbl)	25-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$108.49	+\$0.64	+0.59%	-3.50%	-1.41%

### Nat Gas Prompt (\$US/MMbtu)



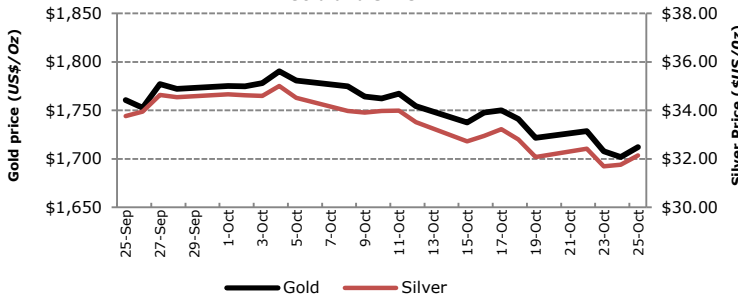
### Alberta Natural Gas

(\$CAD/GJ)	25-Oct	day Δ	%Δ
AECO Nov-12	\$3.07	+\$0.05	+1.7%

### Precious Metals

\$US/oz	25-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,712.10	+\$10.15	+0.6%	-1.7%	-2.8%	+5.5%
Silver	\$32.15	+\$0.39	+1.2%	-2.0%	-4.8%	+15.9%
Platinum	\$1,566	+\$5.25	+0.3%	-4.6%	-3.9%	+10.9%

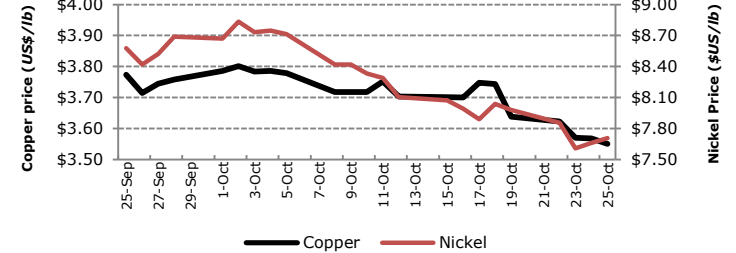
### Gold and Silver



### Industrial Metals

\$US/lb	25-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.55	-\$0.02	-0.5%	-5.1%	-5.9%	+3.6%
Nickel	\$7.71	+\$0.05	+0.6%	-4.1%	-10.1%	+3.7%
Zinc	\$0.91	+\$0.01	+0.6%	-3.5%	-11.5%	-0.1%
Aluminum	\$0.87	+\$0.00	0.0%	-3.3%	-7.4%	+2.4%
Uranium	\$43.00	+\$0.00	0.0%	-2.3%	-7.3%	-13.1%

### Copper and Nickel



### Agriculture & Other

	25-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.42	-\$0.13	-1.7%	-2.5%	-0.2%
Wheat (\$US/bu)	\$8.73	-\$0.11	-1.3%	+0.5%	-1.6%
Soybeans (\$US/bu)	\$15.66	-\$0.06	-0.4%	+1.3%	-3.0%
Rough Rice (\$US/cwt)	\$15.23	-\$0.15	-1.0%	-0.1%	+0.3%
Sugar #11 (¢US/lb)	¢19.53	-¢0.15	-0.8%	-1.3%	-5.7%
Lean Hogs (¢US/lb)	¢78.13	-¢0.13	-0.2%	-0.9%	+4.7%
Live Cattle (¢US/lb)	¢125.65	-¢1.43	-1.1%	-1.9%	+0.2%
Cotton No.2 (\$US/lb)	\$0.73	+\$0.00	+0.1%	-6.4%	+0.6%
Lumber (\$US/Mbft)	\$316.00	-\$5.40	-1.7%	+0.1%	+10.5%

### Commodity ETFs

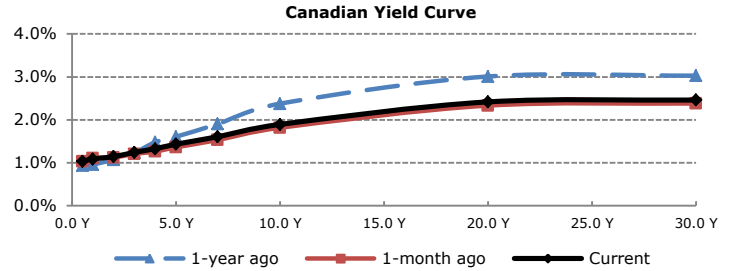
	25-Oct	day Δ	%Δ	5-day	1-mnth
<b>\$CAD</b>					
HBP Crude Oil U	\$4.04	+\$0.06	+1.4%	-13.1%	-12.0%
HBP Nat Gas U	\$16.76	-\$0.02	-0.1%	-7.0%	+22.9%
HBP Comex Gold	\$17.09	+\$0.09	+0.5%	-2.1%	-2.8%
<b>\$USD</b>					
US Crude Oil	\$31.78	+\$0.15	+0.5%	-6.7%	-5.8%
US Nat Gas	\$22.17	-\$0.02	-0.1%	-3.4%	+10.8%
PSDB Agriculture	\$28.94	-\$0.11	-0.4%	-0.9%	-1.9%
PSDB Base Metals	\$18.06	-\$0.04	-0.2%	-4.0%	-9.0%

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## Interest Rates

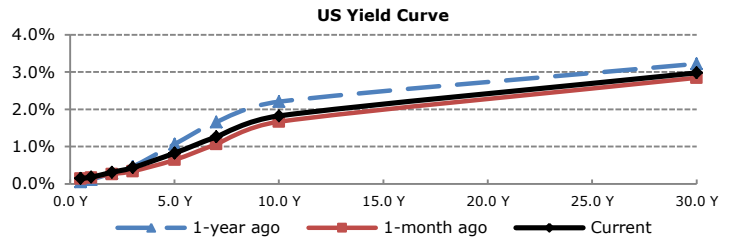
### Canadian yield curve

	25-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.99%	-	1.00%	0.94%	0.89%
6-mnth	1.03%	-	1.03%	0.97%	0.94%
12-mnth	1.09%	-	1.11%	1.04%	0.96%
2-year	1.14%	+0.02%	1.12%	1.11%	1.07%
5-year	1.43%	+0.04%	1.36%	1.34%	1.61%
10-year	1.89%	+0.04%	1.82%	1.75%	2.38%
20-year	2.42%	+0.04%	2.33%	2.29%	3.01%
30-year	2.46%	+0.03%	2.38%	2.33%	3.03%

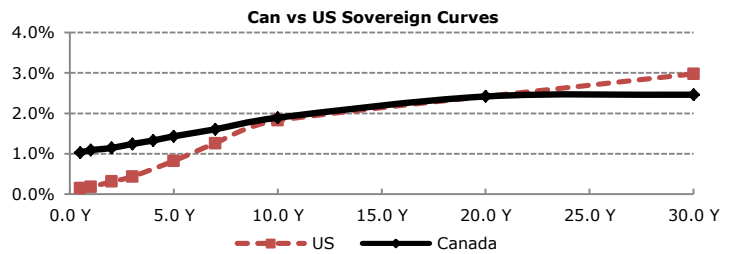
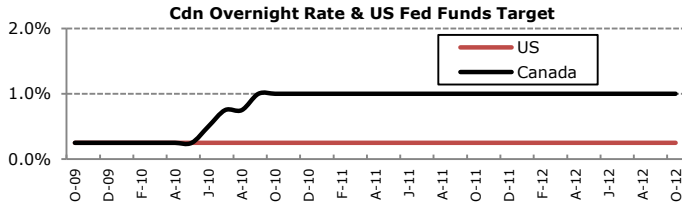


### US yield curve

	25-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.11%	+0.01%	0.11%	0.10%	0.01%
6-mnth	0.15%	-	0.14%	0.14%	0.06%
12-mnth	0.18%	-	0.17%	0.17%	0.11%
2-year	0.31%	+0.02%	0.26%	0.24%	0.29%
5-year	0.82%	+0.07%	0.64%	0.65%	1.06%
10-year	1.82%	+0.03%	1.67%	1.55%	2.20%
30-year	2.98%	+0.03%	2.85%	2.63%	3.22%



	Current	Prior	Next Meeting	Survey
Cdn Overnight	1.00%	1.00%	4-Dec-12	1.00%
US Fed Funds	0.25%	0.25%	11-Dec-12	0.25%



## Foreign Exchange

(USDCAD implies 1-USD to CAD)

	Spot	25-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$0.995		+0.001	0.986	1.003	1.019
EURUSD	\$1.293		-0.004	1.287	1.232	1.379
USDJPY	¥80.30		+0.490	77.75	78.46	78.24
GBPUSD	\$1.612		+0.008	1.617	1.575	1.603
AUDUSD	\$1.035		-0.001	1.037	1.048	1.038

	Spot	25-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥80.71		+0.388	78.88	78.21	76.79
CADAUD	\$0.971		-0.001	0.978	0.951	0.946
GBPCAD	£1.604		+0.010	1.593	1.580	1.633
EURJPY	¥103.86		+0.320	100.08	96.67	107.88
EURAUD	\$1.25		-0.003	1.24	1.18	1.33

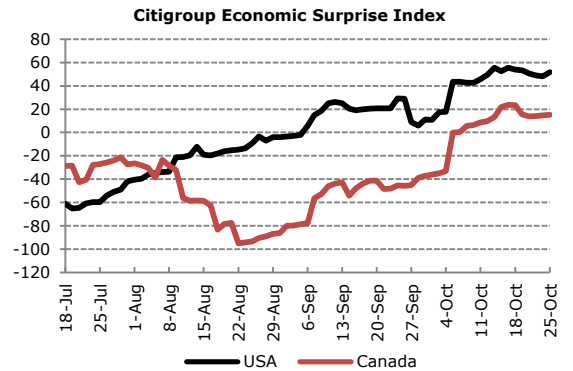
## Economic Releases

### United States

	Period	Survey	Actual	Prior	
Wed, Oct 24	MBA Mortgage Applications	19-Oct	--	-12%	-4.2%
Wed, Oct 24	New Home Sales	30-Sep	385K	389K	373K
Thu, Oct 25	Durable Goods Orders	30-Sep	7.5%	9.9%	-13.2%
Thu, Oct 25	Continuing Claims	13-Oct	3260K	3254K	3254K
Thu, Oct 25	Initial Jobless Claims	20-Oct	370K	369K	388K
Fri, Oct 26	GDP QoQ (Annualized)	30-Sep	1.8%	2%	1.3%

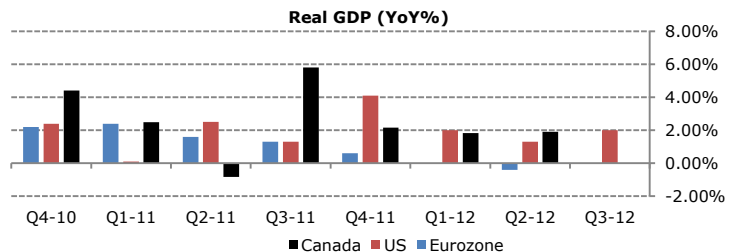
### Canada

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



## Economics

	Q4-11	Q1-12	Q2-12	Q3-12	2012E
<b>Canada</b>					
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%
<b>US</b>					
Real GDP	4.10%	2.00%	1.30%	2.00%	2.10%
CPI	3.30%	2.83%	1.90%	1.70%	2.00%
Unemployment	8.50%	8.20%	8.20%	7.80%	8.10%
<b>China</b>					
Real GDP	8.90%	8.10%	7.60%	7.40%	7.70%



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