

Today's Commentary

US equity markets are ready to open today after a two day hiatus caused by Hurricane Sandy. Markets are poised to move upwards, as stock futures advanced 0.5% since Friday's close. Major movers include home improvement retailers who advanced due to expected storm related sales, GM due to an upbeat earnings release, and Disney Co, which rallied by 2.6% after purchasing Lucasfilms Ltd - taking control of the Star Wars series. The S&P/TSX gained 0.52% in trading yesterday, backed mostly by 1% gains in materials and consumer discretionary.

Canada's GDP shrank unexpectedly in August by 0.1%. This was devastating for the loonie, which lost value against the US after the numbers were announced this morning. The Canadian dollar is now trading slightly below parity, erasing gains made yesterday. The Canadian economy shrank due to mining losses, with Finance Minister Jim Flaherty naming falling commodities as the culprit. Mark Carney announced that he sees a reduced need to raise interest rates in the near future.

US residential housing prices experienced the largest year-over-year increase for August in over two years. According to the S&P/Case-Shiller index - an index which measures prices in 20 US cities - property values in American cities jumped 2% from August 2011, the highest increase since the July 2009 - July 2010 period. Seventeen cities measured saw prices increase, with Phoenix gaining the most at 18.8%, while the other three saw prices fall. Atlanta experienced the largest drop at 6.1%. After a housing slump helped push the United States into recession, these stabilizing property prices are now being spurred on by gains in consumer confidence, retail sales, and consumer income. The index's value for the prior month showed a gain of 1.2%.

Eurozone economic confidence fell for an eight straight month in October, sinking to its lowest level in more than three years. The index of executive and consumer confidence dropped to 84.5 for October, down from 85.2 in September; the lowest reading since August 2009. After contracting 0.2% in the second quarter, it is believed that the Eurozone economy also shrank in Q3, which adds to the pessimistic outlook. Last month the ECB cut its Eurozone growth projections while Germany's unemployment rate gained double what economists had predicted.

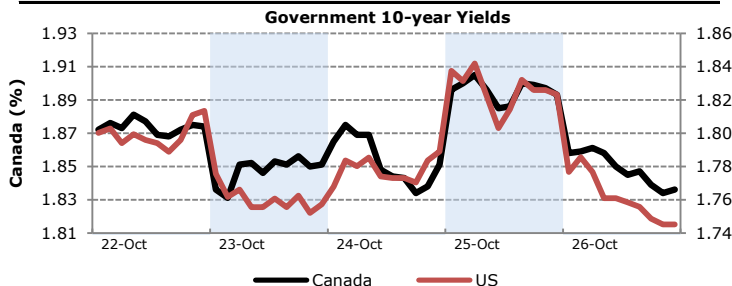
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

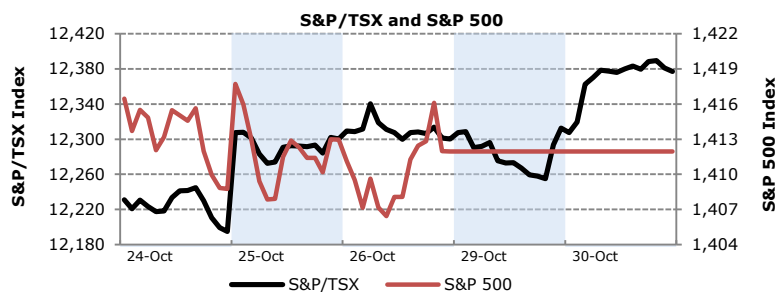
United States	Period	Survey	Actual	Prior
MBA Mortgage Applications	26-Oct	--	-4.8%	-12%

Canada	Period	Survey	Actual	Prior
GDP MoM	30-Sep	0.2%	-0.1%	0.2%

Interest Rates

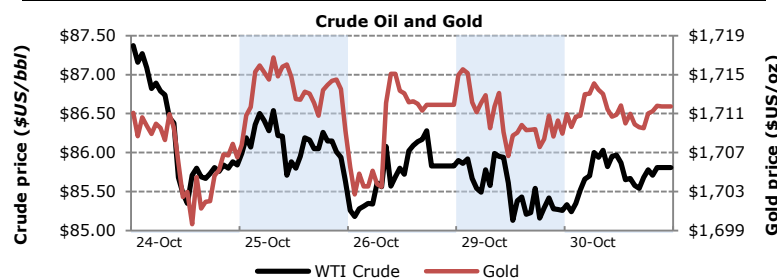


Equities



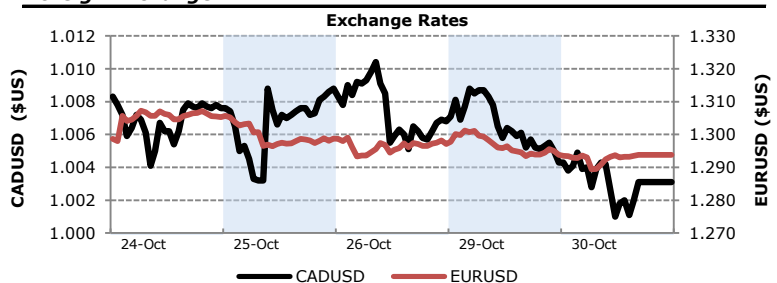
	Last Close	day Δ	%Δ	5-day	1-mnth
S&P/TSX	12,377.05	64.3	+0.52%	+1.24%	+0.48%
S&P 500	1,411.94	-1.03	-0.07%	-1.48%	-1.49%
DJIA	13,107.21	3.53	+0.03%	-1.77%	-2.28%

Commodities



	30-Oct	day Δ	%Δ	5-day	1-mnth
Oil (\$US/Bbl)	\$85.68	-0.6	-0.70%	-3.35%	-7.06%
Gold (\$US/oz)	\$1,710	-1.7	-0.10%	-1.09%	-3.53%

Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	30-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.999	-0.002	0.992	0.982	1.025
EURUSD	\$1.296	+0.006	1.299	1.289	1.354
USDJPY	¥79.63	-0.170	79.850	77.99	77.82

Government 10-year Yields

	30-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.81%	0.002%	1.73%	1.71%	2.28%
United States	1.72%	0.000%	1.63%	1.52%	2.11%

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.

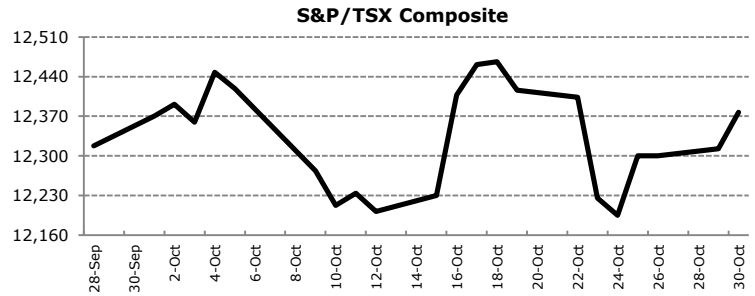
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	30-Oct	day Δ	%Δ
S&P/TSX	12,377.05	64.3	+0.52%
Trailing S&P/TSX			
5-day		+1.24%	+1.65%
1-month		+0.48%	+1.02%
3-months		+5.27%	+5.86%
6-months		+0.69%	+1.46%
12-months		-1.14%	-0.62%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+1.03%	+1.86%	+0.94%	+10.02%
C. Staples	+0.68%	+1.14%	+1.75%	+12.36%
Energy	+0.36%	+0.75%	-0.11%	-8.41%
Financials	+0.44%	+0.21%	+0.86%	+3.76%
Healthcare	+0.26%	+0.70%	-0.11%	+26.33%
Info Tech	+0.76%	+3.31%	+1.15%	-14.05%
Industrials	+0.10%	+1.27%	+2.29%	+6.85%
Materials	+1.02%	+2.10%	-0.67%	-13.13%
Metals & Mining	+0.75%	-0.05%	+2.46%	-20.95%
Telecom	+0.39%	+3.47%	+3.41%	+13.07%
Utilities	-0.21%	+0.75%	-0.03%	-1.48%

TSX Top Performers

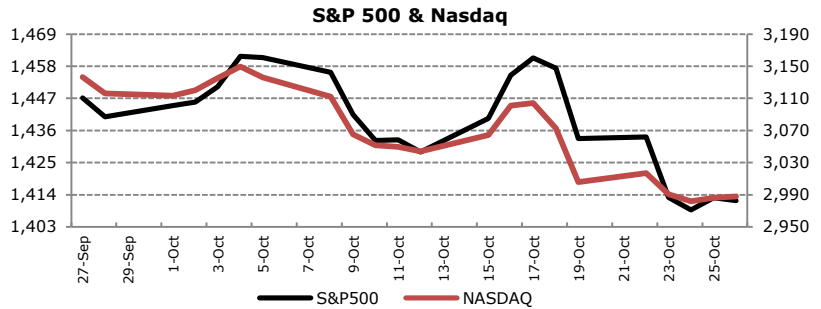
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Petrobank Energy & Resour	+8.11%	+6.63%	-4.35%	+47.05%
Martinrea International I	+4.41%	-0.58%	-2.83%	-2.56%
Osisko Mining Corp	+4.23%	+2.45%	-1.33%	-20.05%
Yamana Gold Inc	+3.84%	+4.62%	+3.73%	+30.91%
Legacy Oil + Gas Inc	+3.79%	+2.85%	+1.93%	-24.06%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Westport Innovations Inc	-14.43%	-16.76%	-11.84%	-19.58%
Banro Corporation	-5.84%	-5.84%	-4.81%	+2.59%
Talisman Energy Inc	-4.56%	-5.43%	-12.48%	-18.67%
Transglobe Energy Corp	-4.16%	-4.42%	-0.93%	+3.31%
Taseko Mines Ltd	-3.51%	-1.43%	-15.64%	-24.03%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
26-Oct	1,411.94	13,107.21	2,987.95
1-day	-0.07%	+0.03%	+0.06%
5-day	-1.48%	-1.77%	-0.59%
1-month	-1.49%	-2.28%	-3.42%
3-months	+3.82%	+1.70%	+3.27%
6-months	+0.85%	-0.74%	-2.05%
12-months	+13.68%	+10.43%	+12.72%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	+0.30%	-1.54%	-1.38%	+18.36%
C. Staples	-0.31%	-1.02%	-1.55%	+13.54%
Energy	+0.09%	-2.41%	-1.16%	+4.08%
Financials	-0.59%	-2.01%	+1.86%	+19.24%
Healthcare	-0.39%	-0.84%	+0.47%	+20.83%
Info Tech	+0.16%	-0.92%	-5.54%	+11.55%
Industrials	+0.01%	-1.48%	-0.36%	+11.72%
Materials	+0.18%	-2.80%	-1.49%	+6.77%
Telecom	+0.50%	-1.48%	-5.67%	+21.61%
Utilities	+0.00%	-1.50%	+0.56%	+6.02%

DJIA Top Performers

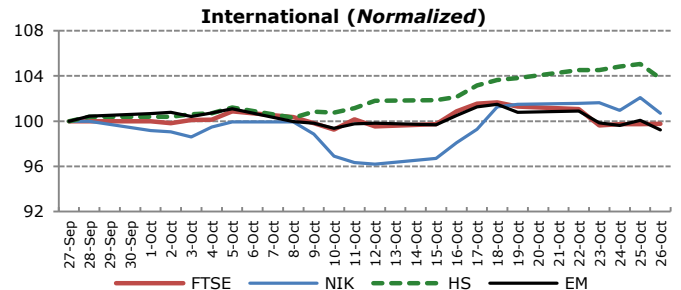
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Intel Corp	+1.20%	+3.25%	-2.49%	-12.65%
Microsoft Corp	+1.18%	-1.50%	-7.20%	+3.52%
United Technologies Corp	+1.18%	+0.27%	-0.72%	-1.39%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnths
Bank Of America Corp	-1.30%	-3.39%	+2.24%	+26.32%
Jpmorgan Chase & Co	-1.22%	-2.74%	+1.50%	+11.18%
Alcoa Inc	-0.92%	-4.00%	-2.15%	-23.72%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,849.90	8,841.98	21,428.58	990.70
1-day	+0.95%	-0.98%	-0.38%	-0.84%
5-day	+0.90%	-1.91%	-1.24%	-1.53%
1-month	+1.88%	-0.32%	+2.82%	+0.03%
3-months	+2.74%	+2.39%	+9.41%	+8.10%
6-months	+1.95%	-7.13%	+1.59%	-2.48%
12-months	+2.59%	-2.30%	+7.04%	+3.16%

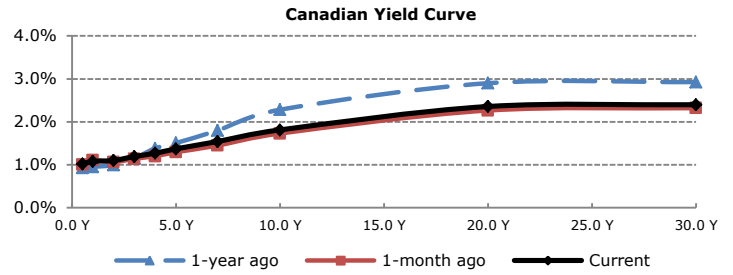


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Interest Rates

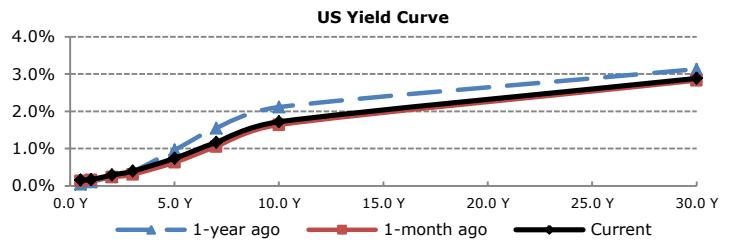
Canadian yield curve

	30-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.99%	-	0.97%	0.98%	0.89%
6-mnth	1.02%	-	1.00%	0.99%	0.93%
12-mnth	1.08%	+0.00%	1.11%	1.06%	0.95%
2-year	1.10%	-0.00%	1.06%	1.10%	1.00%
5-year	1.37%	+0.00%	1.29%	1.30%	1.51%
10-year	1.81%	+0.00%	1.73%	1.71%	2.28%
20-year	2.36%	+0.00%	2.26%	2.25%	2.90%
30-year	2.40%	-0.00%	2.32%	2.30%	2.93%

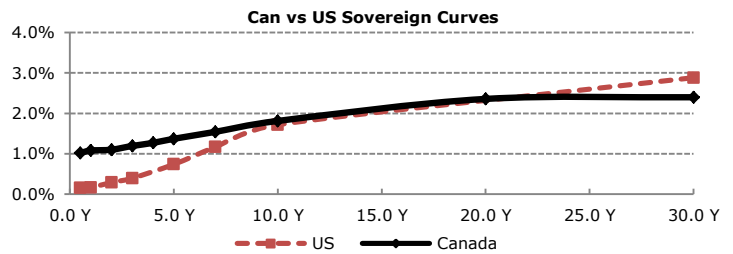
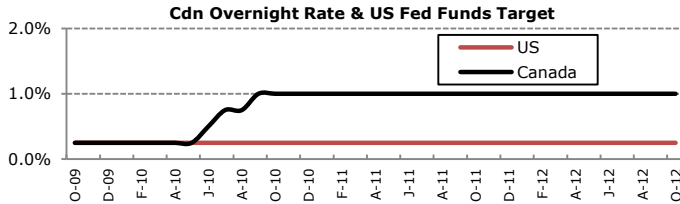


US yield curve

	30-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.11%	-	0.09%	0.09%	-0.02%
6-mnth	0.16%	-	0.13%	0.14%	0.04%
12-mnth	0.17%	-	0.15%	0.16%	0.11%
2-year	0.29%	-	0.23%	0.23%	0.24%
5-year	0.74%	-	0.63%	0.64%	0.96%
10-year	1.72%	-	1.63%	1.52%	2.11%
30-year	2.88%	-	2.82%	2.60%	3.13%



	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	30-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
USDCAD	\$0.999	\$0.999	-0.002	0.982	1.006	1.025
EURUSD	\$1.296	\$1.296	+0.006	1.289	1.223	1.354
USDJPY	¥79.63	¥79.63	-0.170	77.99	78.44	77.82
GBPUSD	\$1.607	\$1.607	+0.004	1.613	1.554	1.592
AUDUSD	\$1.037	\$1.037	+0.003	1.036	1.046	1.014

	Spot	30-Oct	day Δ	Historical Levels		
				-1 mnth	-3 mnths	-1 year
CADJPY	¥79.68	¥79.68	-0.034	79.40	78.00	75.95
CADAUD	\$0.965	\$0.965	-0.001	0.982	0.951	0.962
GBPCAD	£1.606	£1.606	+0.001	1.585	1.562	1.631
EURJPY	¥103.18	¥103.18	+0.200	100.52	95.89	105.38
EURAUD	\$1.25	\$1.25	+0.001	1.24	1.17	1.34

Economic Releases

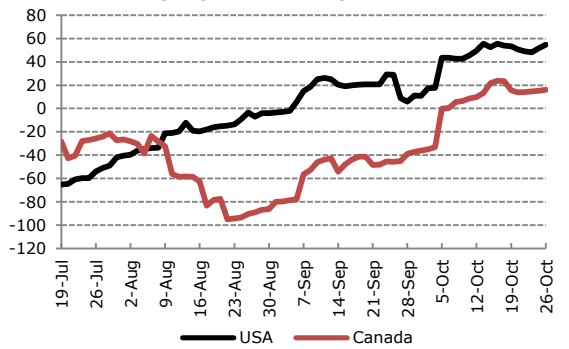
United States

	Period	Survey	Actual	Prior
Mon, Oct 29	Personal Income	30-Sep	0.4%	0.1%
Wed, Oct 31	MBA Mortgage Applications	26-Oct	--	-4.8%
Thu, Nov 01	ISM Manufacturing	31-Oct	51	51.5
Thu, Nov 01	Continuing Claims	20-Oct	3250K	3254K
Thu, Nov 01	Initial Jobless Claims	27-Oct	370K	369K
Thu, Nov 01	Consumer Confidence	31-Oct	73	60.6
Fri, Nov 02	Factory Orders	30-Sep	4.6%	-5.2%
Fri, Nov 02	Nonfarm Payroll	31-Oct	0.1K	114K
Fri, Nov 02	Unemployment Rate	31-Oct	7.9%	7.8%

Canada

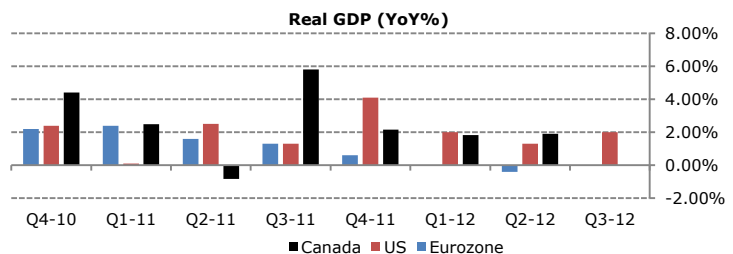
	Period	Survey	Actual	Prior
Wed, Oct 31	GDP MoM	30-Sep	0.2%	-0.1%
Fri, Nov 02	Net Change in Employment	31-Oct	10K	52.1K
Fri, Nov 02	Unemployment	31-Oct	7.4%	7.4%

Citigroup Economic Surprise Index



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%	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%
China					
Real GDP	8.90%	8.10%	7.60%	7.40%	7.70%



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