

## Today's Commentary

It was a good day in the North American equity markets - if you were south of the border. The S&P 500 and Dow advanced 0.36% and 0.09%, respectively. The S&P/TSX, however, declined 0.26% on a commodities selloff. The Canadian dollar was pulled up this morning from a one month low against the US dollar as the European Central Bank kept their interest rate unchanged. The ECB kept their benchmark interest rate at 0.75%. Unemployment claims rose from last week's two month low, indicating that there is an uneven growth in the labour market. Continuing claims also rose, coming in higher than economist estimates. This dampened the mood that the positive ADP employment report set earlier in the week, which claimed that America added 162,000 jobs in September.

Commodities suffered in yesterday's trading as the S&P 500 GSCI Spot Index - an index tracking the performance of 24 raw materials - dropped 2.3% to its lowest level in two months. Crude oil led the retreat dropping as much as 4.1% as the US government reported that oil output reached its highest level in more than 15 years. Making matters worse for crude prices are high fuel prices, leading to a lower demand for gasoline amongst consumers. Natural gas followed suit with WTI crude oil prices, as gas dipped as much as 3.9% during trading, reaching its lowest level in seven weeks. The drop in natural gas was spurred on by forecasts of a warm winter that may dampen demand from many power plants.

In Europe this morning, Mario Draghi, President of the European Central Bank, has held interest rates for the 17-nation monetary union at 0.75% as he waits for a Spanish request for aid. This announcement comes one month after the ECB revealed an unprecedented bond purchasing plan. It is said that Spain is still considering taking advantage of this program, despite having limited, yet relative, success in recent auctions for the country's debt. The unchanged rate comes one day after European banks were told to hold on to more newly raised capital by the EU's top regulator. The European Banking Authority has told 27 banks to hold a total of 200 billion euros, after their most recent efforts to raise capital yielded a total of 116 billion new euros held. These reserves are being increased to prepare for tougher global standards, according to the EBA.

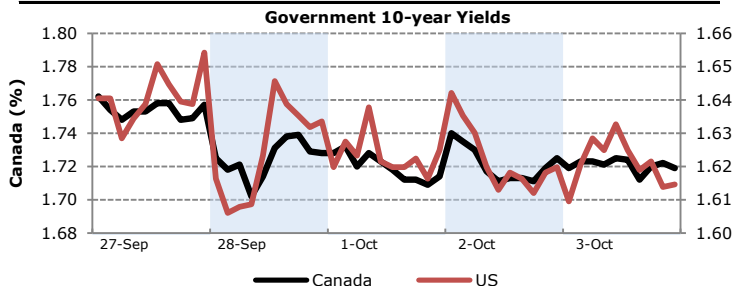
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email [dailyroll@economics.utoronto.ca](mailto:dailyroll@economics.utoronto.ca) to subscribe/unsubscribe.

## Today's Major Economic Releases

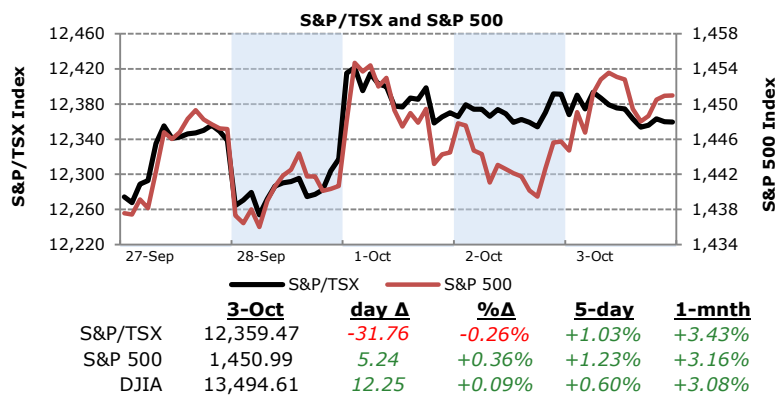
United States	Period	Survey	Actual	Prior
Factory Orders	31-Jul	-5.9%	--	2.8%
Continuing Claims	22-Sep	3275K	3281K	3271K
Initial Jobless Claims	29-Sep	370K	367K	359K

Canada	Period	Survey	Actual	Prior
None Scheduled				

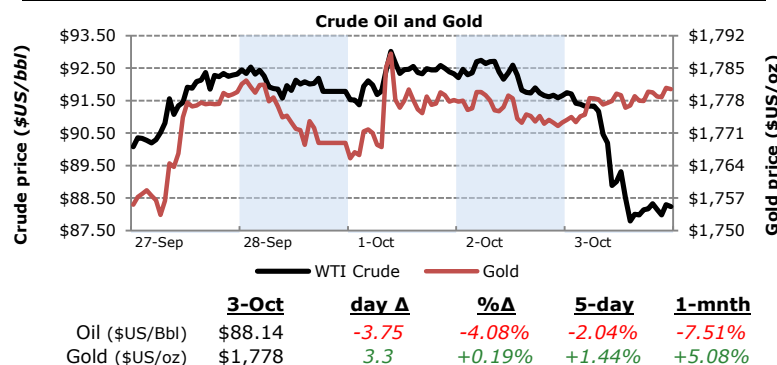
## Interest Rates



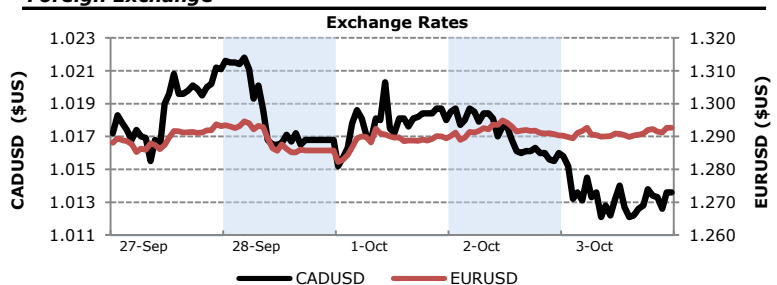
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	3-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.988	+0.004	0.986	0.986	1.021
EURUSD	\$1.291	-0.002	1.287	1.257	1.378
USDJPY	¥78.49	+0.330	77.750	78.43	76.90

Government 10-year Yields

	3-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.72%	-0.006%	1.77%	1.72%	2.10%
United States	1.61%	-0.005%	1.55%	1.60%	1.82%

## 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.

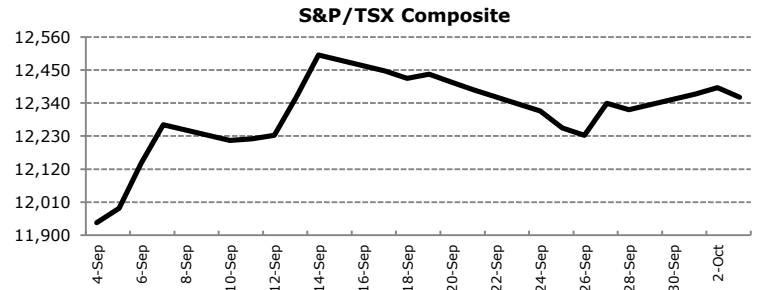
<http://www.rotman.utoronto.ca/financeassociation>

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	<b>3-Oct</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,359.47	-31.76	-0.26%
<b>Trailing S&amp;P/TSX TSX 60</b>			
5-day	+1.03%	+0.86%	
1-month	+3.43%	+3.24%	
3-months	+4.31%	+3.95%	
6-months	+0.29%	+0.35%	
12-months	+9.84%	+9.30%	



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.14%	+0.78%	+1.81%	+16.67%
C. Staples	+0.14%	+1.36%	-0.68%	+15.99%
Energy	-1.08%	+1.37%	+3.36%	+14.18%
Financials	+0.00%	+0.62%	+2.44%	+9.67%
Healthcare	+1.49%	+1.40%	-0.25%	+27.36%
Info Tech	-0.42%	+4.20%	+3.57%	-7.21%
Industrials	+0.22%	+1.10%	+2.18%	+26.60%
Materials	-0.57%	+1.51%	+8.91%	-2.49%
Metals & Mining	+1.06%	+2.67%	+9.47%	+15.09%
Telecom	+0.19%	+0.73%	+0.77%	+12.41%
Utilities	-0.18%	+1.89%	+1.91%	+0.76%

**TSX Top Performers**

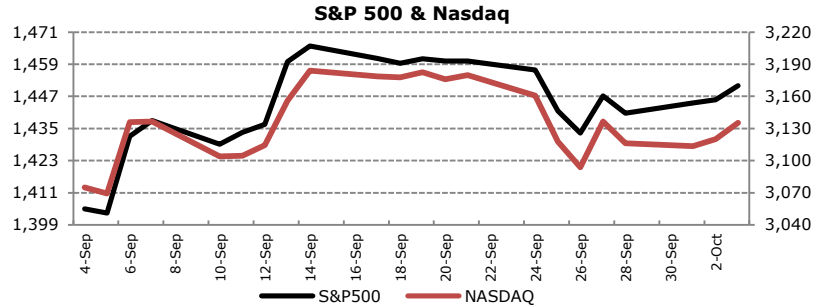
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Tahoe Resources Inc		+5.60%	+4.14%	+13.42%	+43.55%
Westport Innovations Inc		+4.44%	+16.55%	-12.74%	+13.71%
Catamaran Corp		+3.85%	+4.38%	+17.81%	+96.84%
Niko Resources Ltd		+3.54%	+42.86%	+15.25%	-60.64%
Pretium Resources Inc		+3.26%	+2.04%	-10.90%	+37.42%

**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>
Chorus Aviation Inc - B		-10.60%	-13.42%	-11.08%	+2.81%
Crew Energy Inc		-4.56%	+7.42%	+20.10%	-12.03%
Fortuna Silver Mines Inc		-3.89%	-6.62%	+6.24%	+2.28%
Alacer Gold Corp		-3.33%	+3.57%	+17.57%	-27.73%
Blackpearl Resources Inc		-3.31%	+3.54%	+10.38%	+0.86%

**US Indices**

	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
Trailing			
3-Oct	1,450.99	13,494.61	3,135.23
1-day	+0.36%	+0.09%	+0.49%
5-day	+1.23%	+0.60%	+1.34%
1-month	+3.16%	+3.08%	+2.23%
3-months	+5.60%	+4.26%	+5.35%
6-months	+2.66%	+2.24%	+0.70%
12-months	+32.00%	+26.65%	+34.22%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.81%	+1.14%	+3.68%	+39.15%
C. Staples	+0.31%	+1.07%	+2.15%	+23.68%
Energy	-1.11%	+0.26%	+2.76%	+28.02%
Financials	+0.78%	+2.16%	+4.83%	+40.41%
Healthcare	+0.69%	+1.95%	+5.65%	+32.99%
Info Tech	+0.46%	+1.19%	+1.53%	+34.25%
Industrials	+0.41%	+1.50%	+2.32%	+31.32%
Materials	-0.47%	-0.10%	+2.81%	+28.62%
Telecom	+1.05%	+0.29%	+4.81%	+32.37%
Utilities	+0.55%	+0.59%	+1.45%	+11.46%

**DJIA Top Performers**

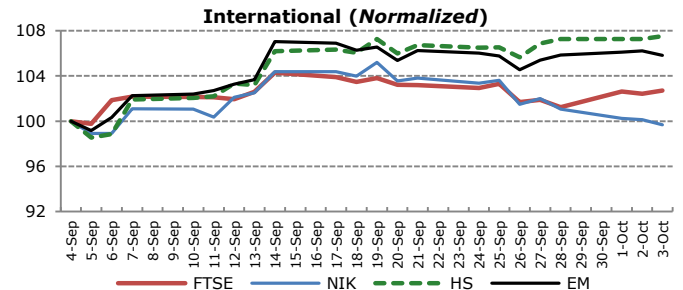
	<b>Ranked by 1-day</b>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Home Depot Inc		+2.39%	+4.39%	+8.85%	+90.24%
Bank Of America Corp		+2.02%	+3.29%	+14.02%	+58.16%
Walt Disney Co/The		+1.61%	+1.02%	+6.06%	+75.72%

**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>
Hewlett-Packard Co		-12.96%	-12.86%	-11.67%	-35.23%
Chevron Corp		-1.54%	-0.14%	+3.55%	+26.96%
Intel Corp		-1.23%	-0.31%	-9.14%	+6.31%

**International Markets**

	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Trailing				
Last Close	5,825.81	8,746.87	20,888.28	1,002.50
1-day	+0.28%	-0.45%	+0.23%	-0.37%
5-day	+1.00%	-1.79%	+0.94%	+1.22%
1-month	+1.17%	-0.42%	+6.80%	+5.82%
3-months	+2.43%	-3.53%	+5.84%	+4.78%
6-months	-0.21%	-12.97%	+0.47%	-5.03%
12-months	+14.78%	+2.36%	+24.17%	+17.63%



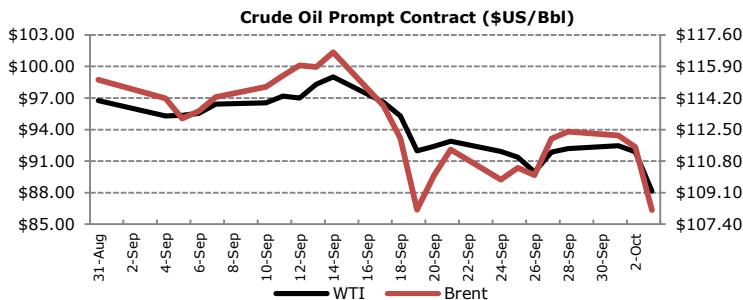
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### Nymex WTI Crude Oil

(\$US/Bbl)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$88.14	-\$3.75	-4.08%	-2.04%	-7.51%
Cal 13	\$90.02	-\$3.59	-3.84%	-1.60%	-7.93%
Cal 14	\$88.80	-\$3.23	-3.51%	-1.01%	-5.76%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$95.00	\$97.00	\$100.00	\$100.00	\$101.00
Current Forward	\$89.39	\$90.26	\$90.33	\$90.08	\$88.80



### Inventory Levels (as of Sep-28)

(MBbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	364,698	-482	337,426	319,411
Motor Gas	195,942	+114	214,389	200,481
Distillates	124,059	-3,689	171,756	140,851

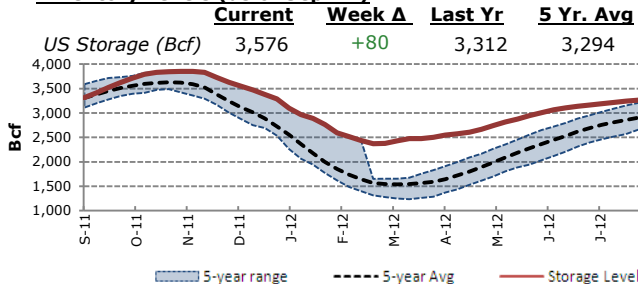
### UK Brent Crude Oil

(\$US/Bbl)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$108.17	-\$3.40	-3.14%	-1.70%	-5.26%

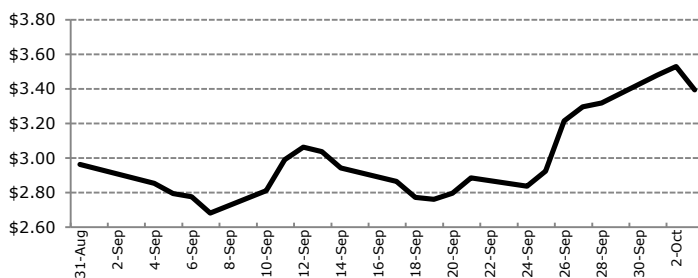
### Nymex Natural Gas

(\$US/MMbtu)	3-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.40	-\$0.14	-3.85%	+5.60%	+18.96%
Nov12-Mar13	\$3.69	-\$0.10	-2.72%	+4.64%	+12.32%
Apr13-Oct13	\$3.83	-\$0.07	-1.89%	+2.75%	+9.97%
Nov13-Mar14	\$4.19	-\$0.06	-1.46%	+2.10%	+7.98%
Apr14-Oct14	\$4.11	-\$0.05	-1.19%	+1.22%	+7.26%

### Inventory Levels (as of Sep-21)



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

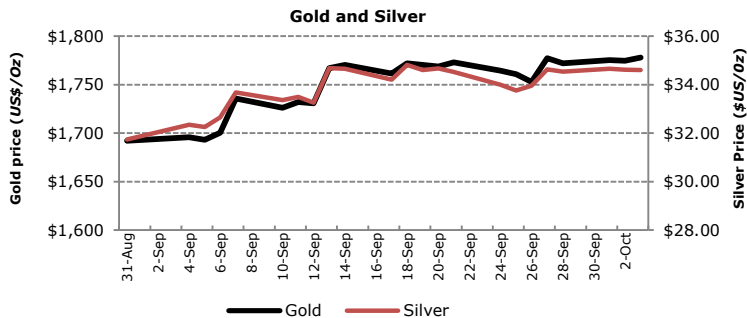


### Alberta Natural Gas

(\$CAD/GJ)	3-Oct	day Δ	%Δ
AECO Nov-12	\$2.94	-\$0.09	-3.0%

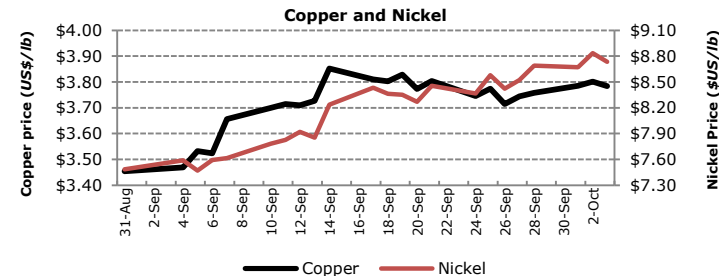
### Precious Metals

\$US/oz	3-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,778.00	+\$3.30	+0.2%	+1.4%	+5.1%	+10.8%
Silver	\$34.60	-\$0.02	-0.1%	+1.9%	+9.0%	+25.0%
Platinum	\$1,688	+\$9.75	+0.6%	+3.2%	+9.6%	+14.5%



### Industrial Metals

\$US/lb	3-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.78	-\$0.02	-0.4%	+1.9%	+9.6%	+8.5%
Nickel	\$8.73	-\$0.10	-1.1%	+3.7%	+16.7%	+10.5%
Zinc	\$1.01	-\$0.02	-1.8%	-0.5%	+12.7%	+7.8%
Aluminum	\$0.94	-\$0.02	-2.1%	+1.1%	+11.9%	+8.0%
Uranium	\$45.90	+\$0.00	0.0%	-1.1%	-4.4%	-9.6%



### Agriculture & Other

	3-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.57	-\$0.01	-0.2%	+4.4%	-5.4%
Wheat (\$US/bu)	\$8.73	+\$0.02	+0.2%	+0.4%	-1.9%
Soybeans (\$US/bu)	\$15.32	+\$0.01	+0.1%	-2.6%	-12.8%
Rough Rice (\$US/cwt)	\$15.24	-\$0.13	-0.8%	+1.6%	-0.3%
Sugar #11 (¢US/lb)	¢21.58	-\$0.01	-0.0%	+5.9%	+5.2%
Lean Hogs (¢US/lb)	¢75.88	-\$0.97	-1.3%	+2.0%	+4.8%
Live Cattle (¢US/lb)	¢126.03	-\$0.35	-0.3%	+1.0%	-2.0%
Cotton No.2 (\$US/lb)	\$0.72	+\$0.00	+0.4%	+1.6%	-6.6%
Lumber (\$US/Mbft)	\$277.50	-\$4.40	-1.6%	+2.8%	-1.9%

### Commodity ETFs

\$CAD	3-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.28	-\$0.37	-8.0%	-4.7%	-16.4%
HBP Nat Gas U	\$16.38	-\$0.96	-5.5%	+14.1%	+28.6%
HBP Comex Gold	\$17.76	-\$0.01	-0.1%	+1.5%	+4.6%

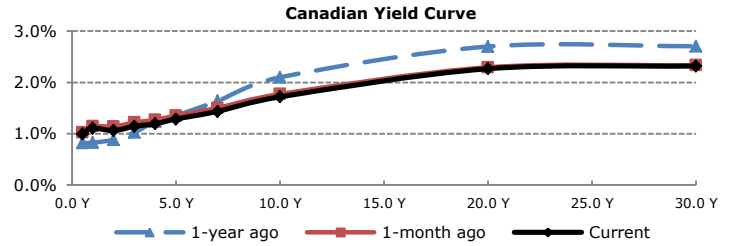
\$USD	3-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$32.61	-\$1.41	-4.1%	-2.2%	-9.1%
US Nat Gas	\$22.00	-\$0.60	-2.7%	+7.2%	+16.9%
PSDB Agriculture	\$29.42	-\$0.13	-0.4%	+1.4%	-3.3%
PSDB Base Metals	\$19.68	-\$0.22	-1.1%	+0.4%	+10.2%

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## Interest Rates

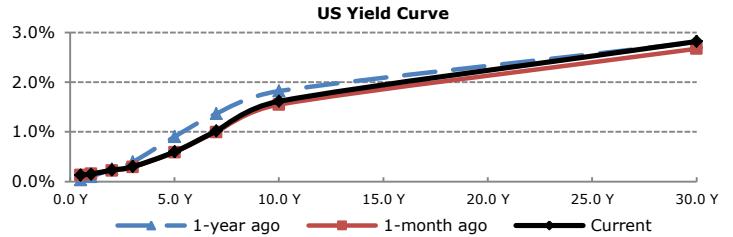
### Canadian yield curve

	3-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.96%	-	1.03%	0.86%	0.80%
6-mnth	1.00%	-	1.03%	0.95%	0.82%
12-mnth	1.11%	-	1.15%	0.98%	0.83%
2-year	1.06%	+0.00%	1.14%	1.03%	0.89%
5-year	1.29%	-0.01%	1.35%	1.24%	1.36%
10-year	1.72%	-0.01%	1.77%	1.72%	2.10%
20-year	2.27%	+0.00%	2.30%	2.28%	2.70%
30-year	2.32%	-0.00%	2.34%	2.31%	2.71%

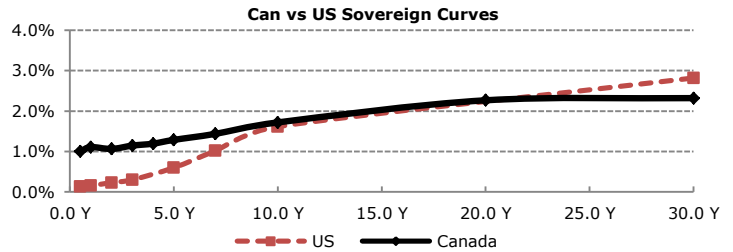
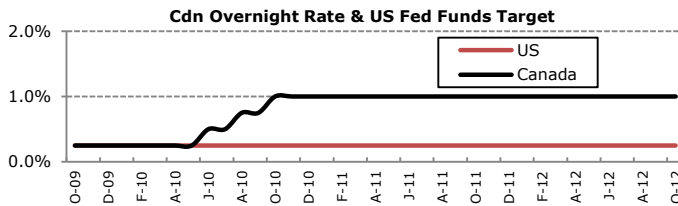


### US yield curve

	3-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.09%	-	0.07%	0.07%	0.00%
6-mnth	0.13%	-	0.13%	0.14%	0.04%
12-mnth	0.15%	-	0.16%	0.19%	0.10%
2-year	0.23%	-0.00%	0.22%	0.29%	0.25%
5-year	0.60%	-0.01%	0.59%	0.67%	0.90%
10-year	1.61%	-0.01%	1.55%	1.60%	1.82%
30-year	2.82%	+0.00%	2.67%	2.72%	2.80%



	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	3-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.988	+0.004	0.986	1.014	1.021
EURUSD	\$1.291	-0.002	1.257	1.239	1.378
USDJPY	¥78.49	+0.330	78.43	79.92	76.90
GBPUSD	\$1.608	-0.006	1.587	1.553	1.577
AUDUSD	\$1.022	-0.005	1.023	1.029	1.019

Spot	3-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥79.48	+0.066	79.55	78.80	75.32
CADAUD	\$0.991	+0.001	0.992	0.958	0.961
GBPCAD	£1.588	-0.000	1.565	1.575	1.610
EURJPY	¥101.30	+0.330	98.57	99.03	105.95
EURAUD	\$1.26	+0.005	1.23	1.20	1.35

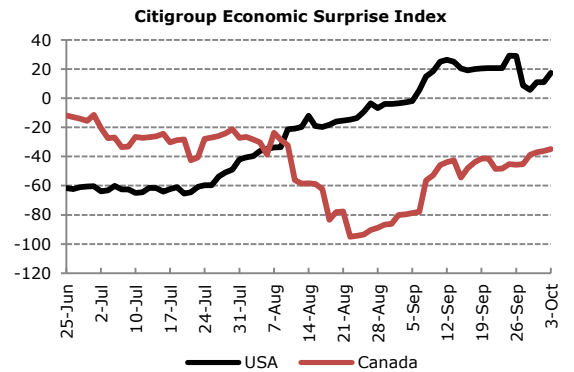
## Economic Releases

### 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	--	16.6%	2.8%
Thu, Oct 04	Factory Orders	31-Jul	-5.9%	--	2.8%
Thu, Oct 04	Continuing Claims	22-Sep	3275K	3281K	3271K
Thu, Oct 04	Initial Jobless Claims	29-Sep	370K	367K	359K
Fri, Oct 05	Nonfarm Payroll	30-Sep	115K	--	96K
Fri, Oct 05	Unemployment Rate	30-Sep	8.2%	--	8.1%

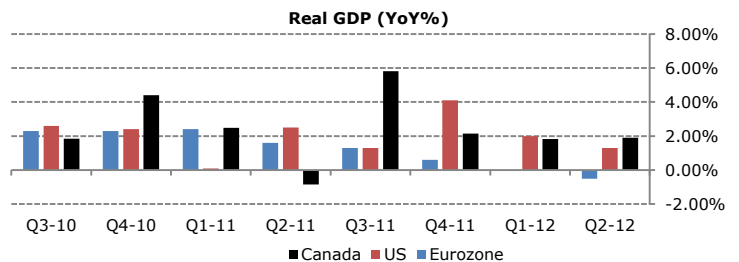
### Canada

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



## Economics

Country	Q3-11	Q4-11	Q1-12	Q2-12	2012E
<b>Canada</b>					
Real GDP	5.81%	2.15%	1.82%	1.90%	2.00%
CPI	3.00%	2.70%	2.33%	1.57%	1.80%
Unemployment	7.20%	7.50%	7.20%	7.20%	7.30%
<b>US</b>					
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%
<b>China</b>					
Real GDP	9.10%	8.90%	8.10%	7.60%	7.70%



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