

## Today's Commentary

Equity markets maintained their momentum yesterday in North America, and gained traction worldwide. The ECB said yesterday that it is ready to buy bonds once some necessary conditions are met. The S&P 500 jumped 72 basis points, also backed slightly by yesterday's American Jobless Claims release, which came in below expectations. The S&P/TSX gained 0.71% yesterday, helping to distract Canadians from the worsening hockey lockout. The loonie rebounded from a near one month low as the Bank of Canada reiterated its resolve to withdraw monetary stimulus as the economy recovers. The gain was also backed by a rise in commodity prices. Treasuries declined yesterday along with the US dollar, as investors seemed to take risk on behaviour.

Canadian employment increased at an astounding pace in September, with the Canadian economy adding 52,100 jobs, in stark contrast to an expected 10,000. Regardless, the unemployment rate increased to 7.4% from 7.3% in August, as the employment gain was accompanied by a labour force increase of 72,600. The picture was much rosier in the US this morning: the US unemployment rate fell below 8% in September, marking the first time that the unemployment rate has crossed that barrier since Obama took office in January, 2009. The employment data has thus far send stock futures skywards.

The Bank of Japan is continuing to experience strong political pressure to add to its 55 trillion yen asset purchasing fund. The central bank kept its policy unchanged at a meeting yesterday, despite the presence of Seiji Maehara, Japan's Economy Minister. Maehara is the first politician to attend a BOJ meeting in over nine years. Japan's benchmark interest rate was held at between zero and 0.1% at yesterday's meeting as new forecasts of a second straight quarter of economic contraction start to surface.

The LIBOR rigging scandal continued to grow yesterday, as the Royal Bank of Scotland has suspended one of their senior traders for trying to rig LIBOR rates as well as the Singapore dollar swap offer rate. This is the first RBS trader implicated in the LIBOR scandal, but the bank has taken action in other rate rigging exploits before. Four RBS traders were fired, while two others were suspended last year for trying to rig both yen and Swiss franc rates after the bank started an internal rate-rigging probe in 2010.

*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.*

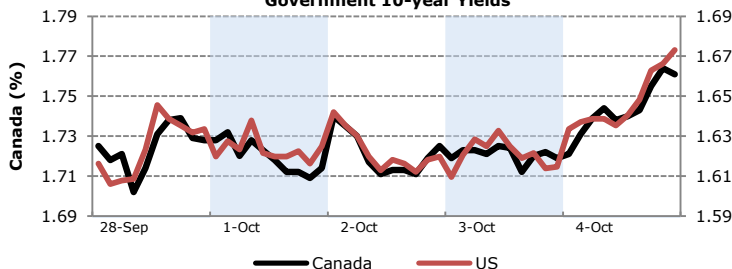
## Today's Major Economic Releases

United States	Period	Survey	Actual	Prior
Nonfarm Payroll	30-Sep	115K	114K	96K
Unemployment Rate	30-Sep	8.2%	7.8%	8.1%

Canada	Period	Survey	Actual	Prior
Building Permits (MoM)	31-Aug	-1.3%	7.9%	-2.3%
Net Change in Employment	31-Oct	10K	52.1K	34.3K
Unemployment	31-Oct	7.3%	7.4%	7.3%

## Interest Rates

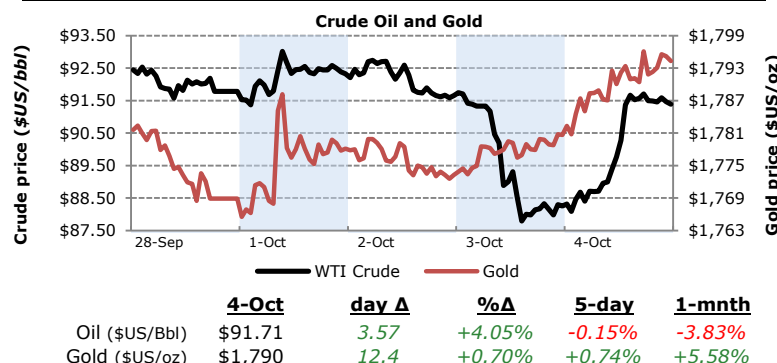
### Government 10-year Yields



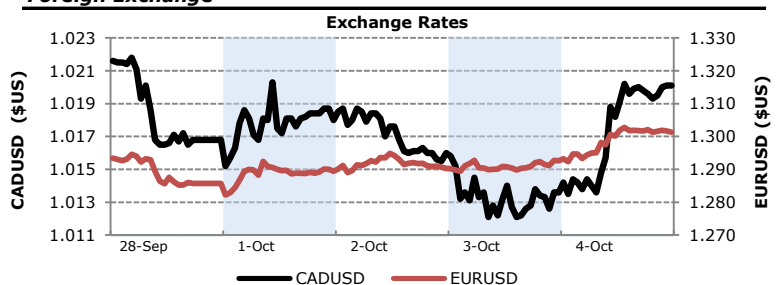
## Equities



## Commodities



## Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	4-Oct	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.980	-0.007	0.981	0.991	1.010
EURUSD	\$1.302	+0.011	1.291	1.260	1.388
USDJPY	¥78.48	-0.010	77.610	78.39	77.22

Government 10-year Yields

	4-Oct	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.76%	0.042%	1.74%	1.69%	2.14%
United States	1.67%	0.059%	1.57%	1.55%	1.89%

## 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.

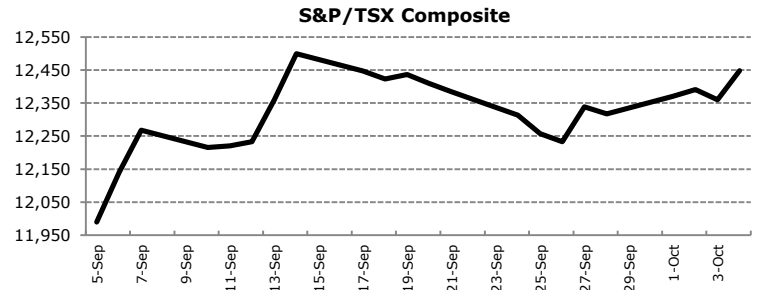
<http://www.rotman.utoronto.ca/financeassociation>

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	<b>4-Oct</b>	<b>day Δ</b>	<b>%Δ</b>
<b>S&amp;P/TSX</b>	12,447.68	88.21	+0.71%
<b>Trailing S&amp;P/TSX</b>			
5-day		+0.88%	+0.83%
1-month		+4.24%	+4.15%
3-months		+4.48%	+4.23%
6-months		+2.21%	+2.32%
12-months		+11.36%	+10.71%



**TSX Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.49%	+1.11%	+2.72%	+16.03%
C. Staples	+0.25%	+0.99%	-0.30%	+17.37%
Energy	+0.53%	+0.69%	+4.56%	+14.73%
Financials	+0.61%	+0.44%	+3.35%	+11.76%
Healthcare	+0.00%	+1.94%	-3.39%	+30.80%
Info Tech	-0.13%	+2.81%	+3.26%	-8.18%
Industrials	+0.53%	+1.33%	+3.00%	+26.72%
Materials	+1.64%	+1.29%	+10.73%	+0.39%
Metals & Mining	+1.29%	+1.97%	+11.34%	+7.82%
Telecom	+0.62%	+1.21%	+1.00%	+14.94%
Utilities	+0.17%	+1.77%	+2.12%	+2.60%

**TSX Top Performers**

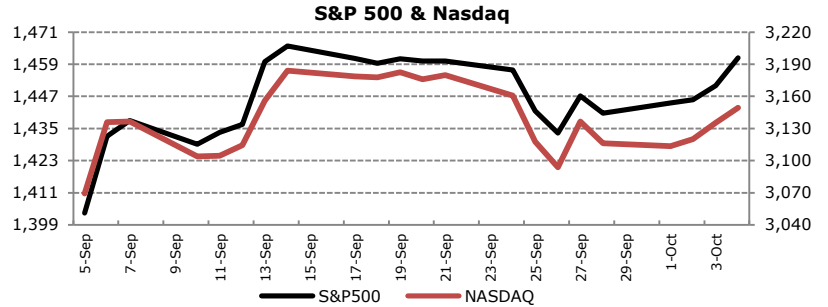
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Whitecap Resources Inc	+6.67%	+4.81%	NA	+46.00%
Silvercorp Metals Inc	+5.76%	+0.00%	NA	-22.06%
Kinross Gold Corp	+5.53%	+9.79%	NA	-23.81%
Banro Corporation	+5.52%	+2.80%	NA	+20.71%
Niko Resources Ltd	+5.49%	+38.51%	NA	-60.69%

**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>
Chorus Aviation Inc - B	-3.04%	-15.16%	NA	-7.27%
Parkland Fuel Corp	-2.55%	+1.33%	NA	+88.65%
Agf Management Ltd-Class	-2.53%	+0.00%	NA	-20.03%
Open Text Corp	-2.45%	-2.89%	NA	+2.71%
Husky Energy Inc	-1.68%	+1.85%	NA	+17.80%

**US Indices**

<i>Trailing</i>	<b>S&amp;P 500</b>	<b>DJIA</b>	<b>Nasdaq</b>
4-Oct	1,461.40	13,575.36	3,149.46
1-day	+0.72%	+0.60%	+0.45%
5-day	+0.98%	+0.66%	+0.41%
1-month	+4.02%	+4.14%	+2.42%
3-months	+6.36%	+4.88%	+5.83%
6-months	+4.46%	+3.83%	+2.65%
12-months	+30.02%	+25.60%	+30.96%



**S&P 500 Sector Returns**

	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
C. Discretionary	+0.86%	+0.98%	+4.76%	+36.12%
C. Staples	+0.44%	+1.16%	+2.16%	+23.36%
Energy	+1.01%	-0.03%	+4.51%	+25.35%
Financials	+1.47%	+2.60%	+6.26%	+36.86%
Healthcare	+0.65%	+2.00%	+6.06%	+32.55%
Info Tech	+0.12%	-0.26%	+1.69%	+31.61%
Industrials	+0.51%	+1.01%	+3.80%	+28.67%
Materials	+1.25%	-0.06%	+5.65%	+25.63%
Telecom	+0.82%	+0.99%	+4.80%	+32.72%
Utilities	+0.61%	+1.65%	+1.77%	+12.66%

**DJIA Top Performers**

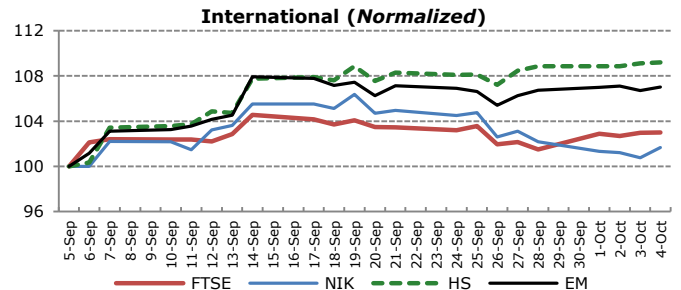
<i>Ranked by 1-day</i>	<b>1-day</b>	<b>5-day</b>	<b>1-mnth</b>	<b>12-mnths</b>
Alcoa Inc	+3.30%	+1.00%	NA	-3.20%
Bank Of America Corp	+3.29%	+4.91%	NA	+63.08%
Jpmorgan Chase & Co	+2.35%	+2.80%	NA	+35.60%

**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>
Intel Corp	-0.35%	-2.56%	NA	+2.93%
Cisco Systems Inc	-0.24%	+0.48%	NA	+16.75%
Intl Business Machines Co	-0.06%	+2.18%	NA	+18.97%

**International Markets**

<i>Trailing</i>	<b>FTSE 100</b>	<b>Nikkei</b>	<b>Hang Seng</b>	<b>MSCI EM</b>
Last Close	5,827.78	8,824.59	20,907.95	1,005.52
1-day	+0.03%	+0.89%	+0.09%	+0.30%
5-day	+0.84%	-1.40%	+1.01%	+0.72%
1-month	+2.75%	+0.56%	+7.61%	+6.14%
3-months	+2.52%	-3.07%	+6.08%	+5.10%
6-months	+2.17%	-10.14%	+0.56%	-3.07%
12-months	+17.87%	+4.36%	+28.66%	+20.97%



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### Nymex WTI Crude Oil

(\$US/Bbl)	4-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$91.71	+\$3.57	+4.05%	-0.15%	-3.83%
Cal 13	\$93.26	+\$3.24	+3.60%	-0.04%	-4.81%
Cal 14	\$91.48	+\$2.68	+3.01%	+0.23%	-2.95%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$95.00	\$99.00	\$101.00	\$100.00	\$101.00
Current Forward	\$92.88	\$93.58	\$93.48	\$93.11	\$91.48

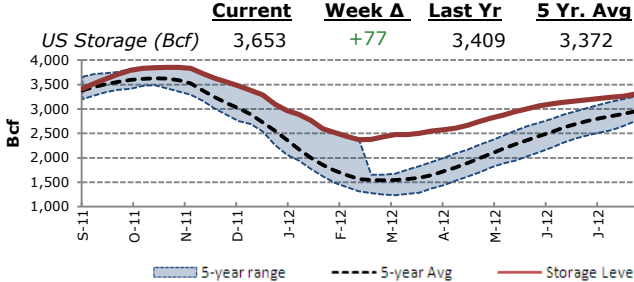
### Inventory Levels (as of Sep-28)

(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

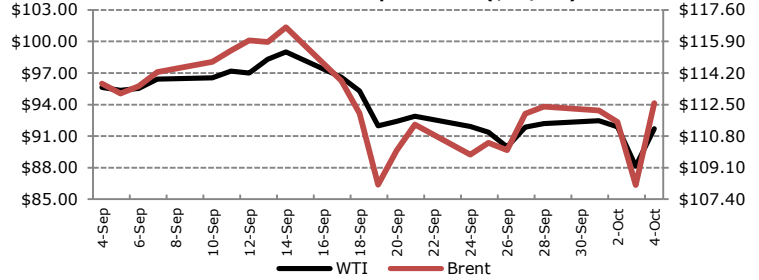
### Nymex Natural Gas

(\$US/MMbtu)	4-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.41	+\$0.01	+0.32%	+3.31%	+21.86%
Nov12-Mar13	\$3.71	+\$0.02	+0.47%	+2.77%	+11.44%
Apr13-Oct13	\$3.85	+\$0.02	+0.49%	+1.81%	+9.35%
Nov13-Mar14	\$4.20	+\$0.01	+0.32%	+1.43%	+7.38%
Apr14-Oct14	\$4.11	+\$0.01	+0.22%	+0.60%	+6.61%

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



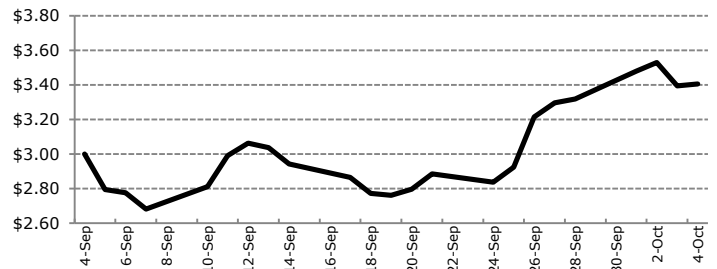
### Crude Oil Prompt Contract (\$US/Bbl)



### UK Brent Crude Oil

(\$US/Bbl)	4-Oct	day Δ	%Δ	5-day	1-mnth
Prompt	\$112.58	+\$4.41	+3.92%	+0.51%	-0.45%

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

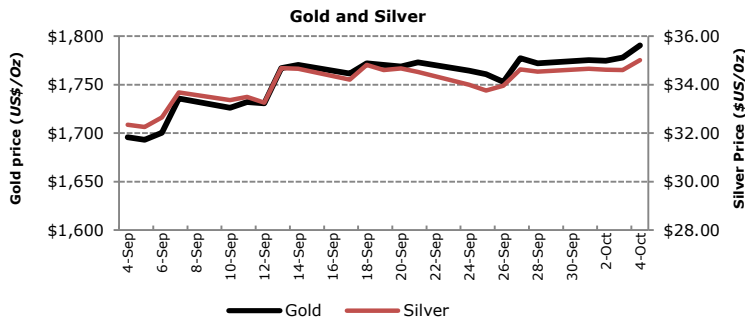


### Alberta Natural Gas

(\$CAD/GJ)	4-Oct	day Δ	%Δ
AECO Nov-12	\$2.93	-\$0.01	-0.3%

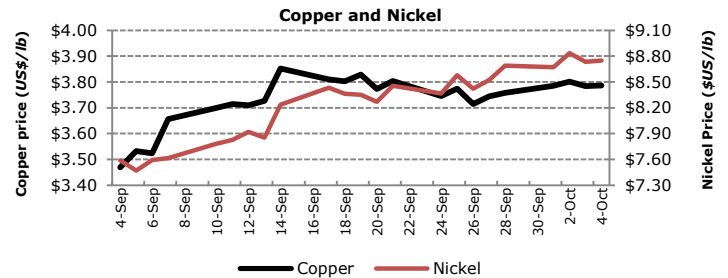
### Precious Metals

\$US/oz	4-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,790.40	+\$12.40	+0.7%	+0.7%	+5.6%	+13.0%
Silver	\$35.01	+\$0.41	+1.2%	+1.1%	+8.3%	+29.1%
Platinum	\$1,719	+\$31.25	+1.9%	+4.2%	+9.5%	+19.0%



### Industrial Metals

\$US/lb	4-Oct	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.79	+\$0.00	+0.1%	+1.1%	+9.2%	+11.2%
Nickel	\$8.75	+\$0.01	+0.2%	+2.6%	+15.3%	+13.6%
Zinc	\$1.01	-\$0.00	-0.1%	+0.1%	+9.7%	+9.8%
Aluminum	\$0.95	+\$0.01	+1.1%	+1.1%	+8.0%	+10.5%
Uranium	\$45.75	-\$0.15	-0.3%	-1.4%	-5.0%	-9.9%



### Agriculture & Other

	4-Oct	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.57	+\$0.00	+0.0%	+5.7%	-6.0%
Wheat (\$US/bu)	\$8.69	-\$0.04	-0.4%	+1.6%	-2.2%
Soybeans (\$US/bu)	\$15.52	+\$0.20	+1.3%	-1.2%	-12.3%
Rough Rice (\$US/cwt)	\$15.37	+\$0.13	+0.9%	+1.4%	+1.3%
Sugar #11 (\$US/lb)	\$21.60	+\$0.02	+0.1%	+5.9%	+7.4%
Lean Hogs (\$US/lb)	\$76.05	+\$0.17	+0.2%	+3.3%	+5.0%
Live Cattle (\$US/lb)	\$125.70	-\$0.33	-0.3%	+0.4%	-2.5%
Cotton No.2 (\$US/lb)	\$0.72	-\$0.00	-0.1%	+0.8%	-4.7%
Lumber (\$US/Mbft)	\$274.60	-\$2.90	-1.0%	+1.3%	-1.5%

### Commodity ETFs

\$CAD	4-Oct	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.61	+\$0.33	+7.8%	-1.9%	-9.9%
HBP Nat Gas U	\$16.30	-\$0.08	-0.5%	+7.6%	+32.5%
HBP Comex Gold	\$17.91	+\$0.15	+0.8%	+1.0%	+5.9%

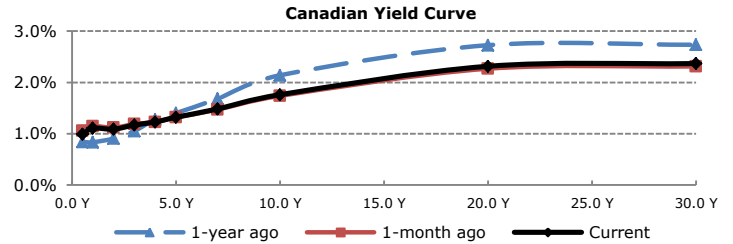
\$USD	4-Oct	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$33.94	+\$1.33	+4.1%	-0.6%	-4.4%
US Nat Gas	\$21.94	-\$0.07	-0.3%	+4.0%	+14.5%
PSDB Agriculture	\$29.30	-\$0.12	-0.4%	+1.1%	-3.5%
PSDB Base Metals	\$19.81	+\$0.13	+0.7%	+0.2%	+9.4%

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## Interest Rates

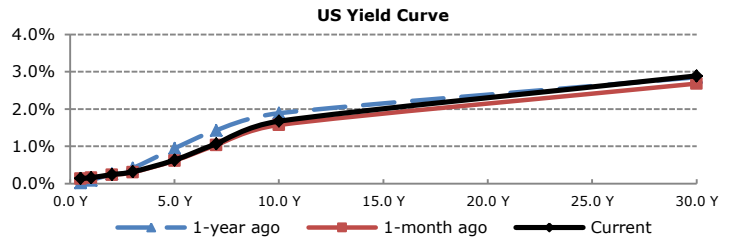
### Canadian yield curve

	4-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.96%	-	1.03%	0.85%	0.81%
6-mnth	0.99%	-	1.06%	0.93%	0.84%
12-mnth	1.11%	-	1.15%	0.96%	0.84%
2-year	1.09%	+0.03%	1.12%	0.98%	0.91%
5-year	1.32%	+0.04%	1.32%	1.21%	1.40%
10-year	1.76%	+0.04%	1.74%	1.69%	2.14%
20-year	2.32%	+0.05%	2.27%	2.26%	2.73%
30-year	2.37%	+0.05%	2.31%	2.30%	2.73%

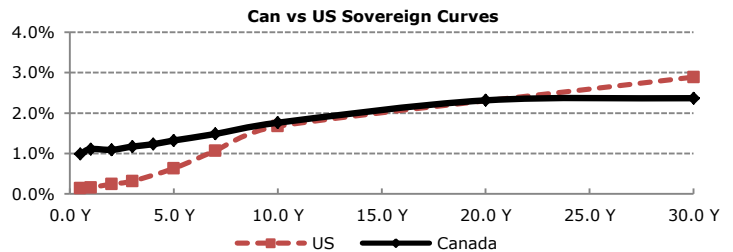
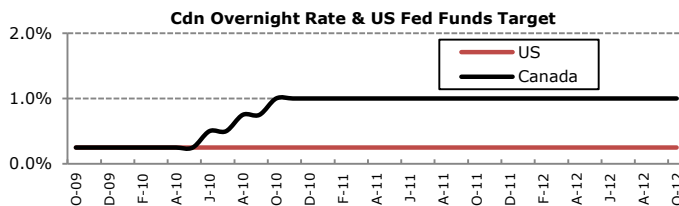


### US yield curve

	4-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.10%	+0.02%	0.09%	0.07%	0.00%
6-mnth	0.14%	+0.01%	0.13%	0.14%	0.02%
12-mnth	0.16%	+0.01%	0.16%	0.18%	0.09%
2-year	0.24%	+0.01%	0.23%	0.27%	0.26%
5-year	0.63%	+0.03%	0.61%	0.64%	0.95%
10-year	1.67%	+0.06%	1.57%	1.55%	1.89%
30-year	2.89%	+0.07%	2.68%	2.66%	2.85%



	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	4-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.980	-0.007	0.991	1.020	1.010
EURUSD	\$1.302	+0.011	1.260	1.229	1.388
USDJPY	¥78.48	-0.010	78.39	79.66	77.22
GBPUSD	\$1.619	+0.011	1.590	1.550	1.582
AUDUSD	\$1.024	+0.002	1.019	1.021	1.034

Spot	4-Oct	day Δ	Historical Levels		
			-1 mnth	-3 mnths	-1 year
CADJPY	¥80.05	+0.568	79.15	78.13	76.47
CADAUD	\$0.996	+0.005	0.990	0.961	0.958
GBPCAD	£1.588	-0.000	1.575	1.580	1.598
EURJPY	¥102.17	+0.870	98.77	97.89	107.20
EURAUD	\$1.27	+0.008	1.24	1.20	1.34

## Economic Releases

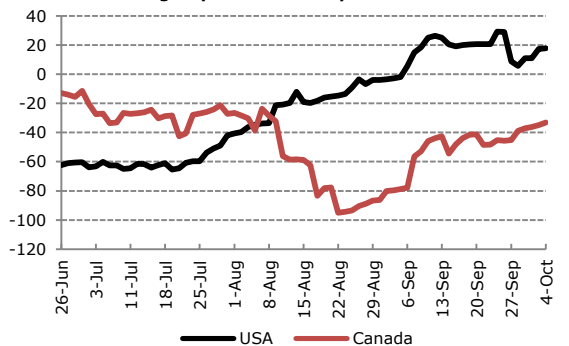
### United States

Month	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-Aug	-5.9%	-5.2%	2.8%
Thu, Oct 04	Continuing Claims	22-Sep	3275K	3281K	3281K
Thu, Oct 04	Initial Jobless Claims	29-Sep	370K	367K	359K
Fri, Oct 05	Nonfarm Payroll	30-Sep	115K	114K	96K
Fri, Oct 05	Unemployment Rate	30-Sep	8.2%	7.8%	8.1%

### Canada

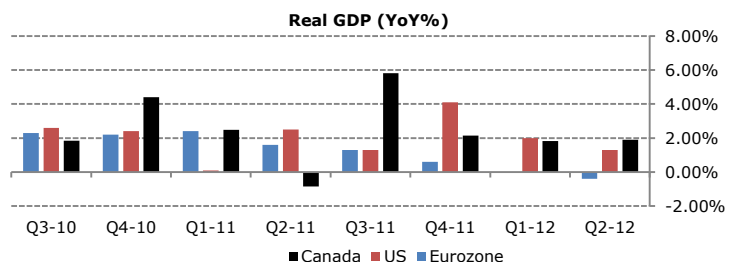
Month	Release	Period	Survey	Actual	Prior
Fri, Oct 05	Building Permits (MoM)	31-Aug	-1.3%	7.9%	-2.3%
Fri, Oct 05	Net Change in Employment	31-Oct	10K	52.1K	34.3K
Fri, Oct 05	Unemployment	31-Oct	7.3%	7.4%	7.3%

### Citigroup Economic Surprise Index



## 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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