

Today's Commentary

After closing for two days in the wake of Hurricane Sandy, and then gaining significant ground upon reopening, the US equity markets ended last week relatively flat as Friday proved to be a risk-off day for investors. The S&P 500 and Dow lost 0.94% and 1.05%, respectively, erasing Thursday's large gains. In a rare occurrence, every US sector fell on Friday as investors anxiously await Tuesday's Presidential Election. There was a similar story north of the border as the S&P/TSX fell 0.95%. Canadian losses were spurred on by a less than favourable net change in employment and plummeting commodity prices. WTI crude, NYMEX natural gas, and gold spot prices fell by 2.56%, 3.92%, and 2.11%, respectively. The drop in commodity prices lead the TSX Materials sector to fall by a staggering 3.02%, while the Energy sector declined by 1.47%. In this morning's news, the Canadian housing sector may be struggling as building permits for September missed economist estimates. Predicted to be a 3% decrease from August, the figure released today shows a 13.2% decline from the previous month's revised 9.5% increase.

Tensions continue to rise in Europe as Greece comes under the threat of bankruptcy yet again. Following the usual theme, Greece is facing the risk of becoming insolvent in mid-November unless they receive a 31 billion euro loan. The Greek parliament faces two crucial votes over the coming week in order to receive the loan and fight off bankruptcy. This process will not be met without resistance; further loans will likely be conditional on further austerity measures, a difficult pill to swallow for the already pressured economy. As has become the all too familiar narrative associated with these bailouts, the Euro has declined to a one month low as investors fear the failure of a resolution.

In a blow to the ratings business, an Australian court ruled against Standard & Poor's for giving a misleading AAA rating in two structured debt products in 2006, whose value went south after the US housing crisis. Austrian investors lost over 90% of the value invested into these products. S&P will be on the hook for liabilities in this case alongside of two other defendants. Harold Scheule, an associate professor of finance at the University of Technology Sydney, claimed that this could lead the industry to shift their model to one where consumers, rather than issuers, pay for credit ratings. He claimed that "this is the first time that a ratings agency has been held liable for their opinion in this way".

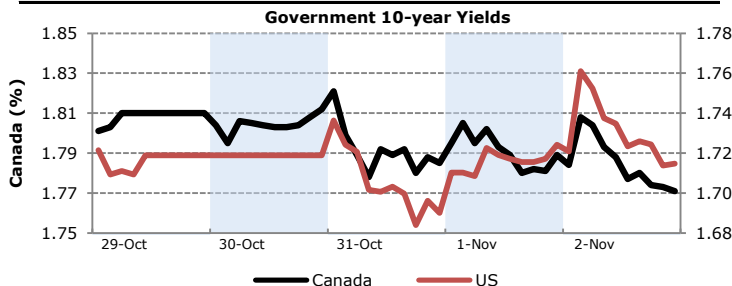
The Daily Roll is written by MFE Candidates Calum MacBeth and Chris Watson in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

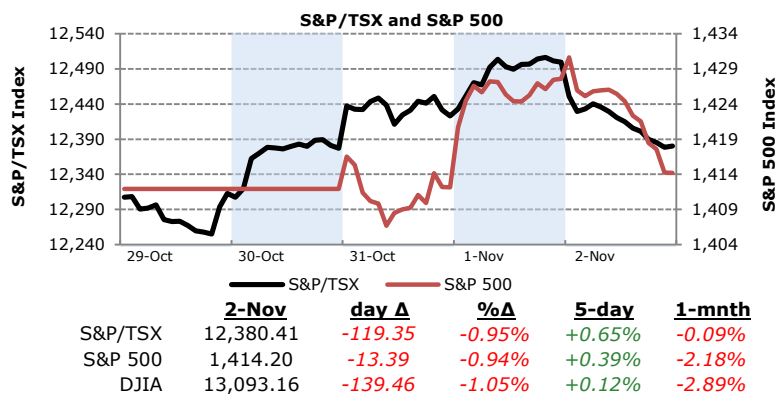
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
Building Permits (MoM)	30-Sep	-3%	-13.2%	7.9%

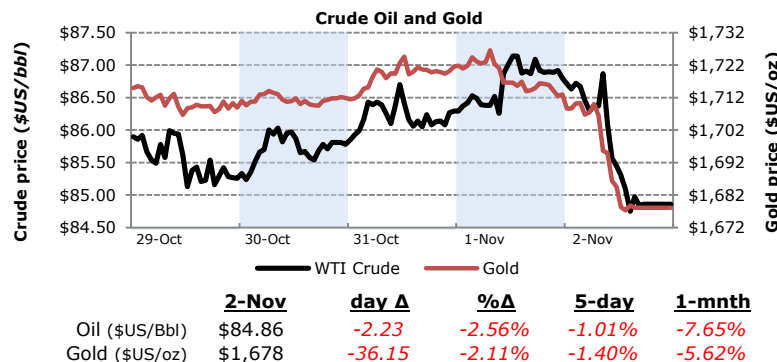
Interest Rates



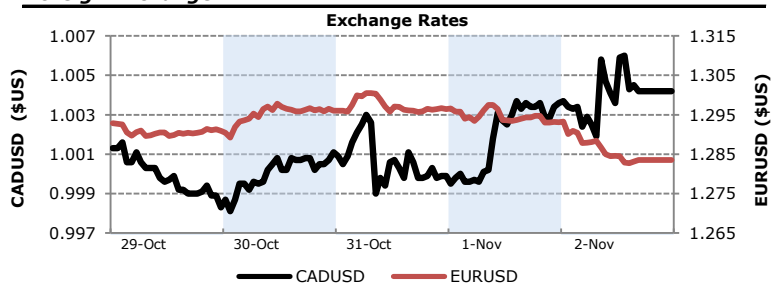
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	2-Nov	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.996	-0.001	0.997	0.980	1.017
EURUSD	\$1.284	-0.011	1.294	1.302	1.363
USDJPY	¥80.43	+0.310	79.650	78.48	77.07

Government 10-year Yields

	2-Nov	day Δ	Historical levels		
			-1 mnth	-3 mnths	-1 year
Canada	1.77%	-0.018%	1.72%	1.77%	2.21%
United States	1.71%	-0.009%	1.61%	1.56%	2.07%

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.

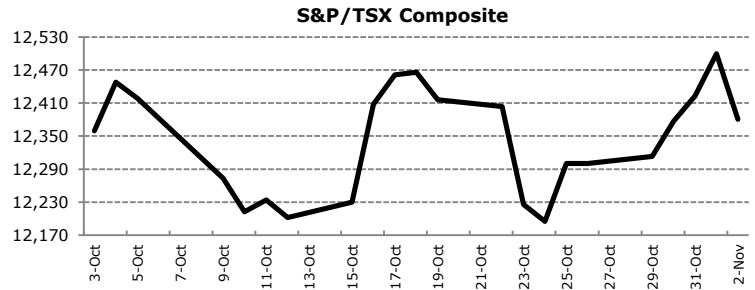
<http://www.rotman.utoronto.ca/financeassociation>

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	2-Nov	day Δ	%Δ
S&P/TSX	12,380.41	-119.35	-0.95%
Trailing S&P/TSX			
5-day		+0.65%	+0.55%
1-month		-0.09%	+0.08%
3-months		+7.59%	+7.97%
6-months		+1.23%	+1.96%
12-months		+1.13%	+1.72%



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.48%	+1.26%	+0.48%	+13.33%
C. Staples	-0.84%	+1.20%	+1.39%	+14.17%
Energy	-1.47%	+0.34%	-2.11%	-5.09%
Financials	+0.23%	+1.21%	+1.81%	+8.75%
Healthcare	-0.61%	+2.10%	+1.07%	+30.05%
Info Tech	-0.08%	+5.79%	+2.42%	-10.26%
Industrials	-0.29%	+1.40%	+2.75%	+11.27%
Materials	-3.02%	-0.81%	-2.59%	-14.45%
Metals & Mining	-0.04%	+5.48%	+8.71%	-13.59%
Telecom	-0.39%	+0.22%	+2.51%	+11.41%
Utilities	+0.16%	+1.28%	+0.17%	-0.21%

TSX Top Performers

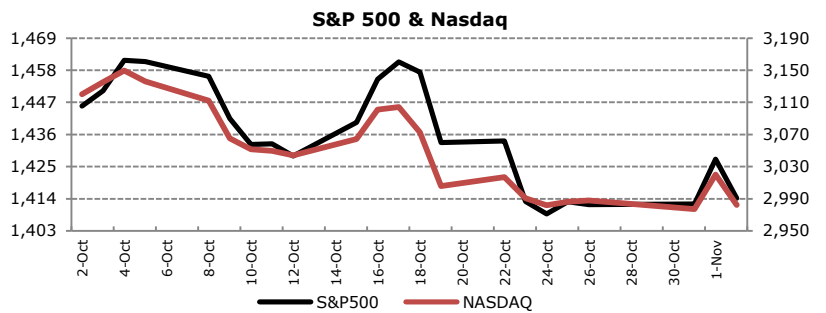
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Transglobe Energy Corp	+10.14%	+12.50%	+10.54%	+17.09%
Taseko Mines Ltd	+9.71%	+8.93%	-5.86%	-16.89%
Inmet Mining Corporation	+6.77%	+11.34%	+21.58%	-9.33%
SnC-Lavalin Group Inc	+4.69%	+7.85%	+11.56%	-18.68%
Sherritt International Co	+4.37%	+8.64%	-2.25%	-16.29%

TSX Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
New Gold Inc	-8.74%	-7.17%	-11.01%	-15.69%
Athabasca Oil Corp	-7.39%	-6.62%	-13.63%	-15.70%
Penn West Petroleum Ltd	-7.06%	-6.41%	-10.36%	-34.96%
Niko Resources Ltd	-6.79%	+5.96%	-20.33%	-77.46%
Agnico-Eagle Mines Ltd	-6.30%	-5.19%	+1.90%	+14.51%

US Indices

<i>Trailing</i>	S&P 500	DJIA	Nasdaq
2-Nov	1,414.20	13,093.16	2,982.13
1-day	-0.94%	-1.05%	-1.26%
5-day	+0.39%	+0.12%	+0.01%
1-month	-2.18%	-2.89%	-4.42%
3-months	+3.60%	+1.66%	+2.49%
6-months	+0.85%	-1.32%	-2.54%
12-months	+14.24%	+10.62%	+12.96%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnth
C. Discretionary	-0.19%	+1.49%	-0.32%	+20.86%
C. Staples	-0.60%	-0.10%	-2.66%	+14.44%
Energy	-1.71%	-0.21%	-3.71%	+3.45%
Financials	-0.69%	+0.86%	+1.71%	+20.97%
Healthcare	-0.61%	-0.08%	-1.28%	+21.24%
Info Tech	-1.49%	-0.22%	-6.44%	+11.59%
Industrials	-0.80%	+1.92%	-0.05%	+12.79%
Materials	-1.97%	-0.31%	-2.07%	+5.26%
Telecom	-0.68%	+0.54%	-4.59%	+21.02%
Utilities	-0.70%	-0.60%	-0.50%	+4.44%

DJIA Top Performers

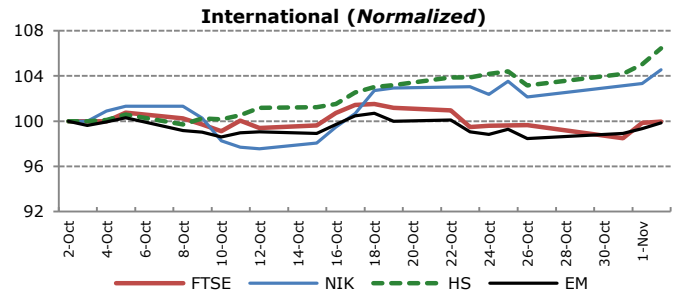
<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Bank Of America Corp	+1.13%	+5.80%	+10.30%	+42.55%
Walt Disney Co/The	+0.16%	-1.56%	-3.45%	+42.34%
Merck & Co. Inc.	+0.13%	+0.26%	+1.17%	+33.22%

DJIA Worst Performers

<i>Ranked by 1-day</i>	1-day	5-day	1-mnth	12-mnth
Chevron Corp	-2.87%	-1.32%	-8.22%	+2.01%
Caterpillar Inc	-2.12%	+3.70%	+0.37%	-10.64%
Du Pont (E.I.) De Nemours	-1.89%	-1.69%	-10.81%	-9.62%

International Markets

<i>Trailing</i>	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,868.55	9,051.22	22,111.33	1,004.68
1-day	+0.11%	+1.17%	+1.33%	+0.51%
5-day	+1.06%	+1.32%	+2.63%	+1.02%
1-month	+1.02%	+3.02%	+6.10%	-0.15%
3-months	+3.64%	+4.60%	+12.30%	+6.32%
6-months	+1.92%	-3.51%	+3.76%	-2.44%
12-months	+7.01%	+4.75%	+12.05%	+2.82%



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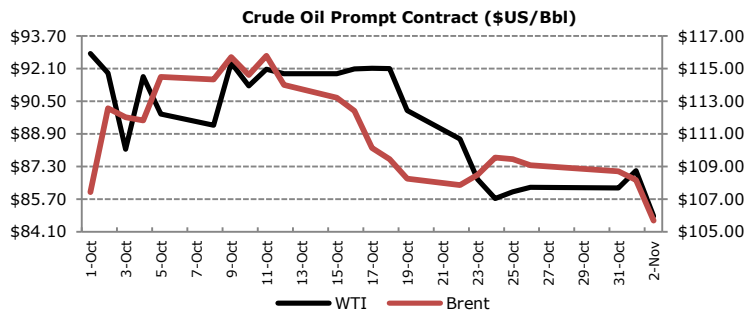
Nymex WTI Crude Oil

(\$US/Bbl)	2-Nov	day Δ	%Δ	5-day	1-mnth
Prompt	\$84.86	-\$2.23	-2.56%	-1.01%	-7.65%
Cal 13	\$87.69	-\$1.86	-2.07%	-0.25%	-5.65%
Cal 14	\$88.04	-\$1.36	-1.52%	+0.75%	-2.43%

(\$US/bbl)	Q1-13	Q2-13	Q3-13	Q4-13	2014
Consensus Forecast	\$98.50	\$100.00	\$103.00	\$106.50	\$101.00
Current Forward	\$86.00	\$87.61	\$88.44	\$88.69	\$88.04

Inventory Levels (as of Oct-26)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	373,081	-2,045	337,426	319,411
Motor Gas	199,502	+935	214,389	200,481
Distillates	117,925	-93	171,756	140,851



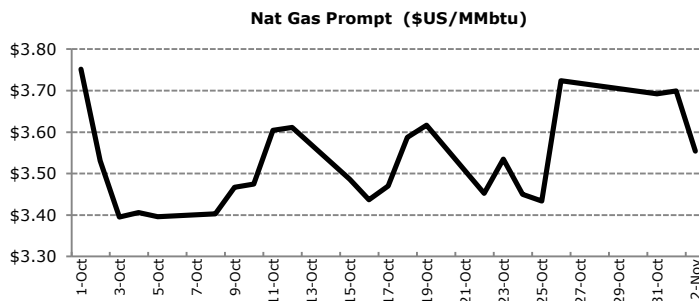
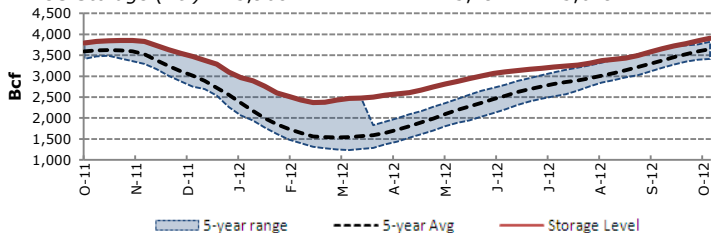
(\$US/Bbl)	2-Nov	day Δ	%Δ	5-day	1-mnth
Prompt	\$105.68	-\$2.49	-2.36%	-3.53%	-6.13%

Nymex Natural Gas

(\$US/MMbtu)	2-Nov	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.55	-\$0.15	-3.92%	+3.01%	+0.65%
Dec12-Mar13	\$3.65	-\$0.14	-3.62%	-5.53%	+8.02%
Apr13-Oct13	\$3.74	-\$0.12	-3.18%	-4.42%	+6.21%
Nov13-Mar14	\$4.14	-\$0.11	-2.69%	-3.10%	+5.40%
Apr14-Oct14	\$4.04	-\$0.10	-2.45%	-2.45%	+3.57%

Inventory Levels (as of Oct-26)

	Current	Week Δ	Last Yr	5 Yr. Avg
US Storage (Bcf)	3,908	+65	3,794	3,649

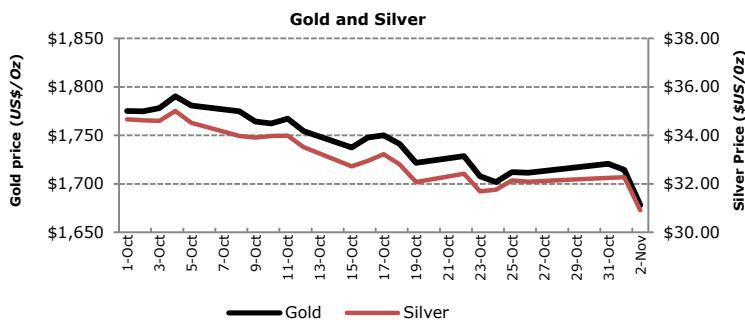


Alberta Natural Gas

(\$CAD/GJ)	2-Nov	day Δ	%Δ
AECO Dec-12	\$3.11	-\$0.15	-4.6%

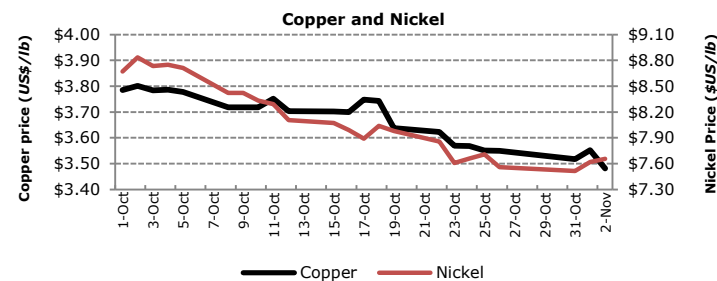
Precious Metals

\$US/oz	2-Nov	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,678.10	-\$36.15	-2.1%	-1.4%	-5.6%	+4.7%
Silver	\$30.91	-\$1.36	-4.2%	-2.7%	-10.7%	+11.2%
Platinum	\$1,544	-\$27.75	-1.8%	-1.1%	-8.5%	+9.8%



Industrial Metals

\$US/lb	2-Nov	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.48	-\$0.07	-2.0%	-2.4%	-8.0%	+3.4%
Nickel	\$7.65	+\$0.03	+0.4%	-0.1%	-12.4%	+5.9%
Zinc	\$0.92	+\$0.00	+0.5%	+1.8%	-9.0%	+2.5%
Aluminum	\$0.87	+\$0.01	+1.2%	0.0%	-7.4%	+6.1%
Uranium	\$41.00	+\$0.00	0.0%	-4.7%	-10.7%	-17.2%



Agriculture & Other

	2-Nov	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.40	-\$0.12	-1.5%	-2.0%	-2.3%
Wheat (\$US/bu)	\$8.65	-\$0.04	-0.5%	-2.2%	-1.0%
Soybeans (\$US/bu)	\$15.27	-\$0.33	-2.1%	-2.9%	-0.4%
Rough Rice (\$US/cwt)	\$15.01	-\$0.07	-0.5%	-2.4%	-3.5%
Sugar #11 (¢US/lb)	¢19.45	+¢0.07	+0.4%	-1.2%	-9.9%
Lean Hogs (¢US/lb)	¢77.75	-¢0.13	-0.2%	-0.6%	+2.5%
Live Cattle (¢US/lb)	¢125.43	+¢0.10	+0.1%	-1.3%	-0.5%
Cotton No.2 (\$US/lb)	\$0.70	+\$0.00	+0.2%	-3.2%	-2.5%
Lumber (\$US/Mbft)	\$321.40	-\$7.20	-2.2%	+0.0%	+10.5%

Commodity ETFs

\$CAD	2-Nov	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$3.91	-\$0.20	-4.9%	-3.0%	-8.6%
HBP Nat Gas U	\$14.77	-\$1.15	-7.2%	-9.4%	-9.8%
HBP Comex Gold	\$16.77	-\$0.35	-2.0%	-1.8%	-5.6%

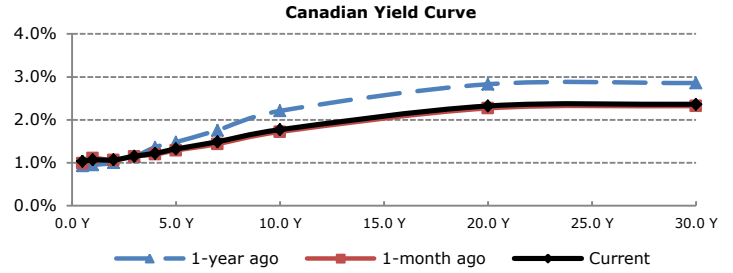
\$USD	2-Nov	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$31.35	-\$0.71	-2.2%	-0.9%	-3.9%
US Nat Gas	\$20.85	-\$0.79	-3.7%	-6.0%	-5.2%
PSDB Agriculture	\$28.85	-\$0.13	-0.4%	-0.7%	-1.9%
PSDB Base Metals	\$17.93	-\$0.25	-1.4%	-0.9%	-8.9%

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Interest Rates

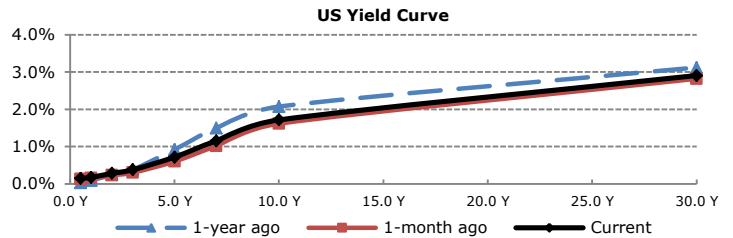
Canadian yield curve

	2-Nov	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.99%	-	0.96%	0.98%	0.89%
6-mnth	1.03%	-	0.99%	1.00%	0.93%
12-mnth	1.07%	+0.00%	1.11%	1.06%	0.95%
2-year	1.07%	-0.01%	1.06%	1.12%	1.00%
5-year	1.32%	-0.02%	1.29%	1.34%	1.48%
10-year	1.77%	-0.02%	1.72%	1.77%	2.21%
20-year	2.32%	-0.02%	2.27%	2.27%	2.83%
30-year	2.36%	-0.02%	2.32%	2.31%	2.86%

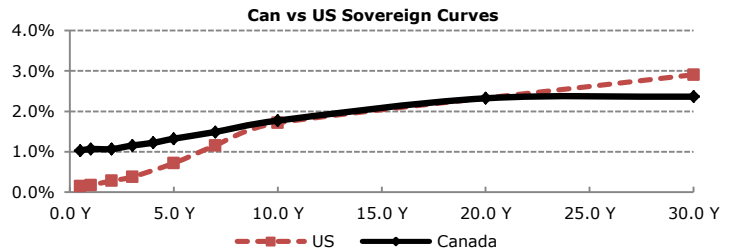
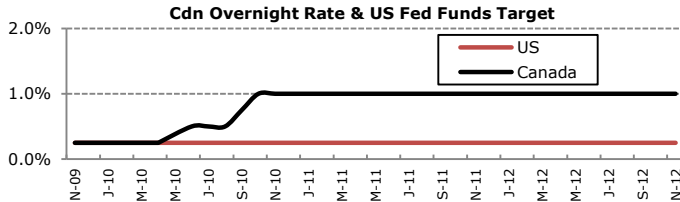


US yield curve

	2-Nov	day Δ	<i>Historical Levels</i>		
			-1 mnth	-3 mnths	-1 year
3-mnth	0.09%	-	0.09%	0.08%	0.00%
6-mnth	0.15%	-	0.13%	0.13%	0.03%
12-mnth	0.17%	+0.01%	0.15%	0.16%	0.09%
2-year	0.28%	+0.00%	0.23%	0.24%	0.24%
5-year	0.72%	-0.02%	0.60%	0.66%	0.92%
10-year	1.71%	-0.01%	1.61%	1.56%	2.07%
30-year	2.91%	+0.01%	2.82%	2.64%	3.12%



	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)

	2-Nov	day Δ	<i>Historical Levels</i>		
Spot			-1 mnth	-3 mnths	-1 year
USDCAD	\$0.996	-0.001	0.980	1.000	1.017
EURUSD	\$1.284	-0.011	1.302	1.240	1.363
USDJPY	¥80.43	+0.310	78.48	78.25	77.07
GBPUSD	\$1.602	-0.011	1.619	1.560	1.591
AUDUSD	\$1.034	-0.006	1.024	1.057	1.021

	2-Nov	day Δ	<i>Historical Levels</i>		
Spot			-1 mnth	-3 mnths	-1 year
CADJPY	¥80.77	+0.359	80.05	78.22	75.81
CADAUD	\$0.971	+0.007	0.996	0.946	0.964
GBPCAD	£1.595	-0.012	1.588	1.561	1.618
EURJPY	¥103.24	-0.470	102.17	97.03	105.07
EURAUD	\$1.24	-0.003	1.27	1.17	1.34

Economic Releases

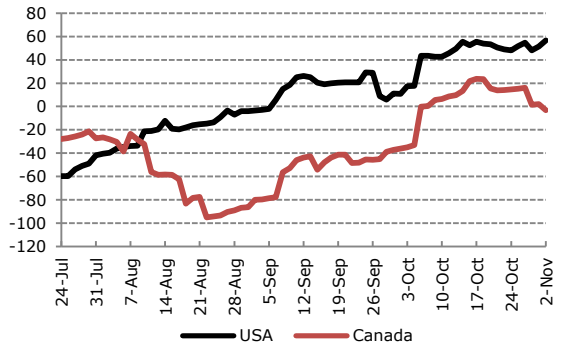
United States

		Period	Survey	Actual	Prior
Thu, Nov 08	Continuing Claims	27-Oct	3260K	--	0.4K
Thu, Nov 08	Initial Jobless Claims	3-Nov	370K	--	51.5K
Thu, Nov 08	Trade Balance	30-Sep	-45B	--	162B

Canada

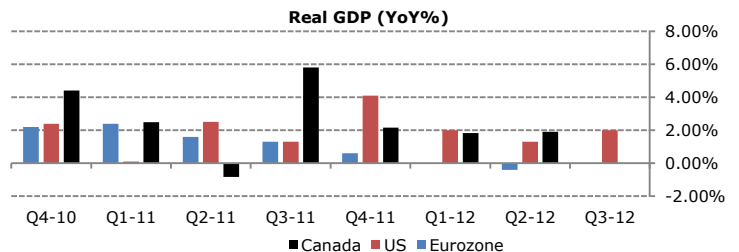
		Period	Survey	Actual	Prior
Mon, Nov 05	Building Permits (MoM)	30-Sep	-3%	-13.2%	7.9%
Thu, Nov 08	Housing Starts	31-Oct	211.5K	--	220.215K

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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