

Today's Commentary

After a bullish open on an upswing in Chinese manufacturing numbers released early on Monday, markets were dragged lower by an unexpected contraction in U.S. manufacturing, indicated by an ISM Index value of 49.5 for November. The S&P 500 and Dow declined gradually for the rest of the trading session, ending down 0.47 and 0.46 percent respectively. Canadian manufacturing followed suit, with the RBC Canadian Manufacturing Purchasing Managers Index showing a decline in growth for the fifth straight month. The S&P/TSX Composite slid 0.57 percent, with losses of 1.7 percent in the materials sector. Financials also fared poorly, as Bank of Nova Scotia shares fell 0.7 percent and Bank of Montreal dropped 0.6 percent, ahead of earnings to be released later in the week. There was nothing positive to report regarding the fiscal cliff south of the border, as investors continue to take a wait-and-see approach.

Congressional Republicans made a counter-offer yesterday to Obama's proposal that shows that the two sides are still significantly apart. John Boehner made the proposal in a letter to Obama that outlines a \$2.2 trillion plan which would reduce entitlement and other spending by \$1.2 trillion and raise revenue by an \$800 billion over-haul of the U.S. tax-code. A further \$200 billion would be saved by changing the way the government calculates inflation for taxes and Social Security benefits. This is significantly different from the President's proposal to raise \$1.6 trillion in taxes over 10 years by letting Bush era tax cuts expire for the wealthiest Americans. The picture is further muddled as the US is also nearing its debt ceiling again, which was an especially protracted and contentious battle between Democrats and Republicans last year.

The Ontario Securities Commission (OSC) has filed allegations against accounting firm Ernst & Young for failing to perform due diligence in its audits of Sino-Forest Corp. The timber firm was infamously delisted from the TSX earlier this year for failing to provide financial statements, after equity research firm Muddy Waters exposed fraud in the recording of its assets. The allegations against Ernst & Young suggest that the accounting firm neglected to verify the existence and ownership of a large amount of Sino-Forest's Chinese forestry holdings. OSC director of enforcement Tom Atkinson stated that "If auditors fail to abide by Canadian auditing standards and securities laws, we will hold them accountable." While the allegations against Ernst & Young are unproven, the accounting firm has agreed to pay a \$117 million settlement to shareholders, which is the largest class-action settlement with a Canadian auditor in history.

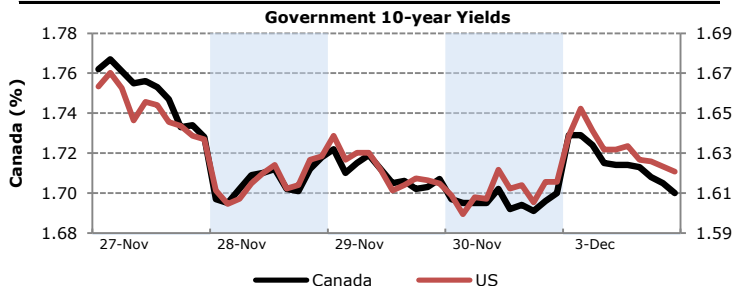
The Daily Roll is written by MFE Candidates Dipanker Koirala and Jan Varsava in partnership with the Rotman Finance Association. Please email dailyroll@economics.utoronto.ca to subscribe/unsubscribe.

Today's Major Economic Releases

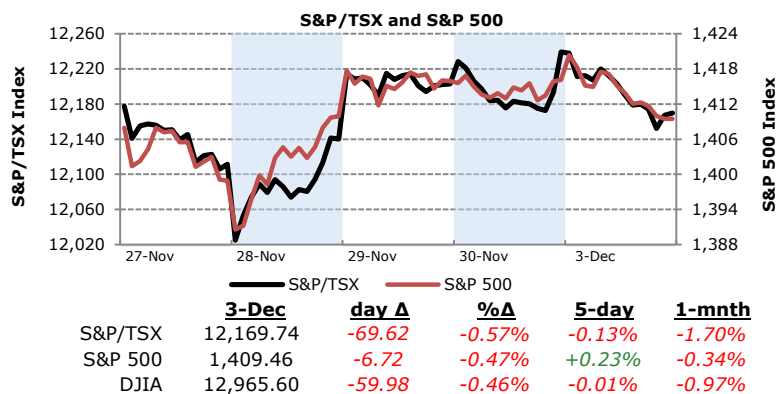
United States	Period	Survey	Actual	Prior
None Scheduled				

Canada	Period	Survey	Actual	Prior
None Scheduled				

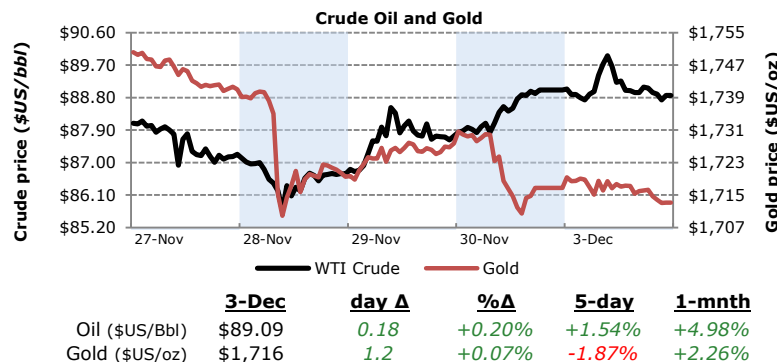
Interest Rates



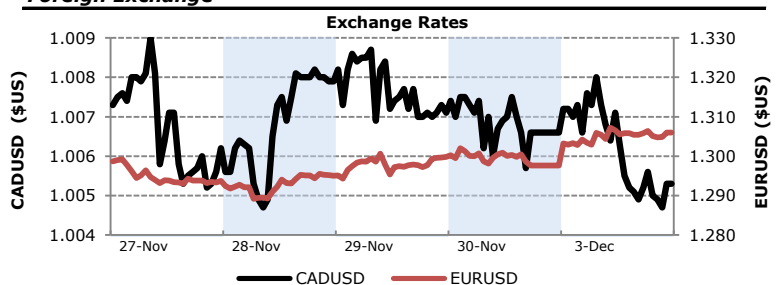
Equities



Commodities



Foreign Exchange



(USDCAD implies \$1-USD to CAD)

Spot	3-Dec	day Δ	Historical levels		
			-5 days	-1 mnth	-1 year
USDCAD	\$0.995	+0.001	0.994	0.996	1.034
EURUSD	\$1.305	+0.007	1.297	1.284	1.304
USDJPY	¥82.25	-0.230	82.080	80.43	78.00

	Government 10-year Yields		Historical levels		
	3-Dec	day Δ	-1 mnth	-3 mnths	-1 year
Canada	1.70%	0.000%	1.77%	1.74%	2.12%
United States	1.62%	0.005%	1.71%	1.57%	2.03%

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.

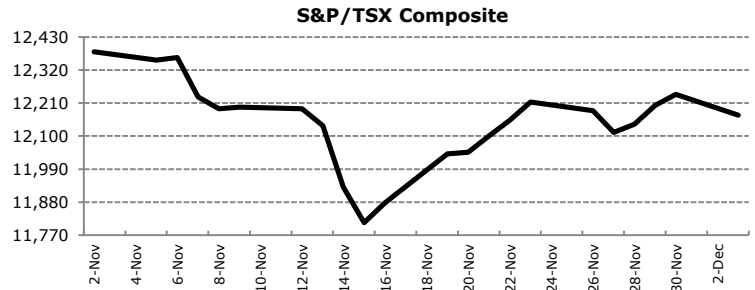
<http://www.rotman.utoronto.ca/financeassociation>

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	3-Dec	day Δ	%Δ
S&P/TSX	12,169.74	-69.62	-0.57%
Trailing S&P/TSX			
5-day	-0.13%	-0.18%	
1-month	-1.70%	-1.44%	
3-months	+1.85%	+2.15%	
6-months	+7.12%	+7.87%	
12-months	+0.78%	+1.70%	



TSX Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.37%	+0.30%	-0.79%	+14.18%
C. Staples	+0.87%	+2.08%	+1.80%	+16.23%
Energy	-0.33%	-0.45%	-3.88%	-8.79%
Financials	-0.33%	+1.14%	+1.42%	+13.12%
Healthcare	-0.57%	-0.58%	-8.20%	+5.06%
Info Tech	-0.15%	-0.50%	+5.80%	+1.33%
Industrials	-0.92%	+0.89%	-1.63%	+10.02%
Materials	-1.71%	-3.04%	-5.89%	-16.40%
Metals & Mining	-0.51%	+2.38%	-3.32%	-13.53%
Telecom	+0.14%	+0.73%	+0.02%	+10.26%
Utilities	-0.20%	+0.02%	-4.01%	-2.28%

TSX Top Performers

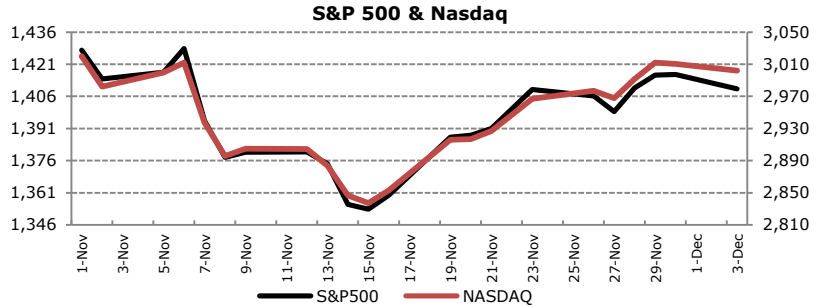
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Gabriel Resources Ltd		+4.88%	+0.00%	+3.20%	-62.98%
Tmx Group Ltd		+4.44%	+2.71%	+4.43%	NA
Just Energy Group Inc		+3.53%	+4.73%	-11.62%	+0.73%
Gildan Activewear Inc		+3.42%	+7.76%	+3.99%	+110.24%
Westjet Airlines Ltd		+3.03%	+1.36%	+8.98%	+72.62%

TSX Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Osisko Mining Corp		-4.81%	-8.32%	-18.93%	-33.13%
Harry Winston Diamond Cor		-4.80%	-0.52%	-4.33%	+18.14%
Torex Gold Resources Inc		-4.76%	-3.38%	-2.44%	+15.61%
China Gold International		-4.56%	-4.56%	-3.83%	+33.69%
Lake Shore Gold Corp		-4.35%	-13.16%	-17.50%	-53.52%

US Indices

Trailing	S&P 500	DJIA	Nasdaq
3-Dec	1,409.46	12,965.60	3,002.20
1-day	-0.47%	-0.46%	-0.27%
5-day	+0.23%	-0.01%	+0.85%
1-month	-0.34%	-0.97%	+0.67%
3-months	+0.20%	-0.96%	-2.11%
6-months	+10.28%	+6.99%	+9.27%
12-months	+13.28%	+7.87%	+14.29%



S&P 500 Sector Returns

	1-day	5-day	1-mnth	12-mnths
C. Discretionary	-0.53%	+0.57%	+1.37%	+21.23%
C. Staples	-0.35%	+1.16%	+1.72%	+13.19%
Energy	-0.61%	-0.42%	-1.29%	+0.89%
Financials	-0.37%	-0.54%	-2.03%	+21.76%
Healthcare	-0.23%	+0.75%	-0.15%	+19.93%
Info Tech	-0.19%	+0.20%	+0.29%	+11.57%
Industrials	-1.05%	-0.18%	-0.68%	+10.20%
Materials	-1.83%	-1.06%	-0.35%	+5.99%
Telecom	+0.05%	+1.16%	-1.34%	+18.56%
Utilities	-0.63%	+1.51%	-3.80%	+0.94%

DJIA Top Performers

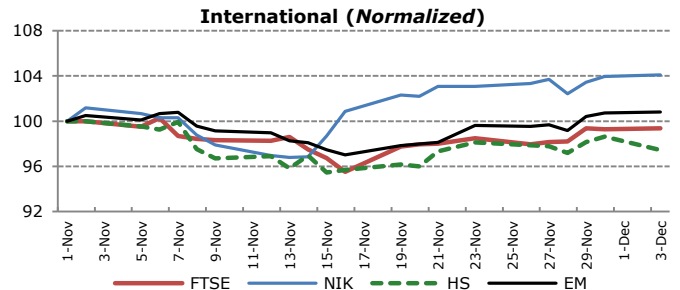
	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Cisco Systems Inc		+0.74%	+0.63%	+10.61%	+5.46%
Merck & Co. Inc.		+0.32%	+0.54%	-3.39%	+30.80%
Pfizer Inc		+0.20%	+2.41%	+3.04%	+30.97%

DJIA Worst Performers

	Ranked by 1-day	1-day	5-day	1-mnth	12-mnths
Du Pont (E.I.) De Nemours		-1.74%	-2.21%	-3.02%	-6.65%
General Electric Co		-1.47%	-1.14%	-2.30%	+33.95%
Coca-Cola Co/The		-1.42%	+0.74%	+1.50%	+15.79%

International Markets

Trailing	FTSE 100	Nikkei	Hang Seng	MSCI EM
Last Close	5,871.24	9,458.18	21,767.85	1,007.68
1-day	+0.08%	+0.13%	-1.19%	+0.07%
5-day	+1.46%	+0.74%	-0.43%	+1.26%
1-month	+0.05%	+4.50%	-1.55%	+0.30%
3-months	+1.96%	+7.68%	+11.29%	+6.37%
6-months	+11.62%	+12.06%	+17.29%	+12.73%
12-months	+5.74%	+9.42%	+14.32%	+4.88%



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Nymex WTI Crude Oil

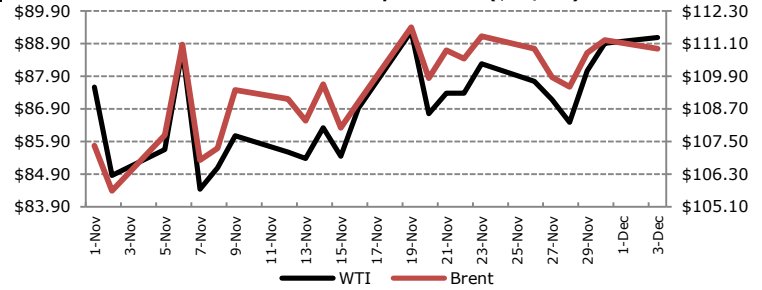
(\$US/Bbl)	3-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$89.09	+\$0.18	+0.20%	+1.54%	+4.98%
Cal 13	\$91.32	+\$0.29	+0.32%	+1.42%	+0.76%
Cal 14	\$91.36	+\$0.33	+0.37%	+1.02%	+1.86%

(\$US/bbl)	Q2-13	Q3-13	Q4-13	Q1-14	2014
Consensus Forecast	\$96.00	\$100.00	\$100.00	\$107.00	\$100.00
Current Forward	\$91.34	\$92.05	\$92.20	\$91.95	\$91.36

Inventory Levels (as of Nov-23)

(MMbbls)	Current	Week Δ	Last Yr	5 Yr. Avg
Crude Oil	374,123	-347	337,426	319,411
Motor Gas	204,255	+3,865	214,389	200,481
Distillates	112,042	-800	171,756	140,851

Crude Oil Prompt Contract (\$US/Bbl)



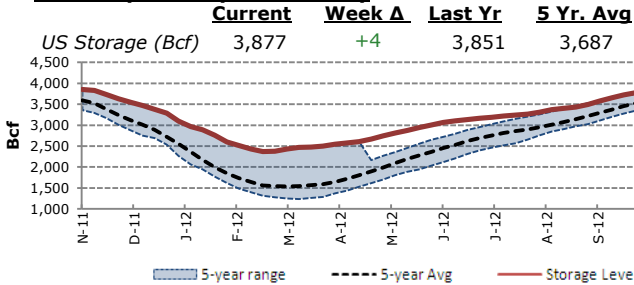
UK Brent Crude Oil

(\$US/Bbl)	3-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$110.92	-\$0.31	-0.28%	+0.00%	+4.96%

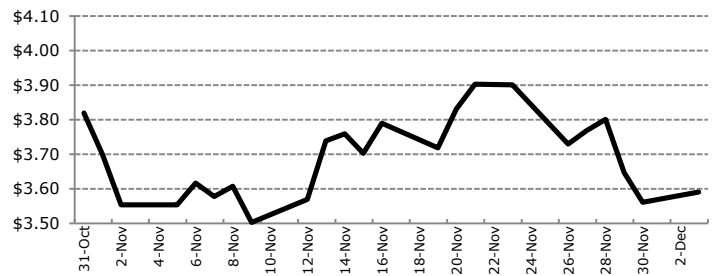
Nymex Natural Gas

(\$US/MMbtu)	3-Dec	day Δ	%Δ	5-day	1-mnth
Prompt	\$3.59	+\$0.03	+0.84%	-3.73%	-2.92%
Jan13-Mar13	\$3.61	+\$0.03	+0.87%	-6.57%	-6.95%
Apr13-Oct13	\$3.70	+\$0.03	+0.87%	-5.72%	-5.53%
Nov13-Mar14	\$4.10	+\$0.03	+0.78%	-4.55%	-4.23%
Apr14-Oct14	\$4.03	+\$0.04	+0.90%	-3.01%	-2.42%

Inventory Levels (as of Nov-23)



Nat Gas Prompt (\$US/MMbtu)



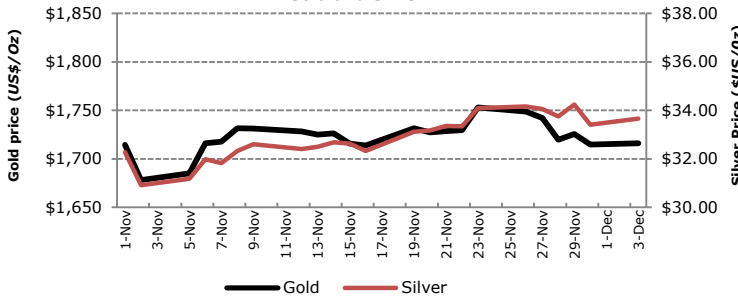
Alberta Natural Gas

(\$CAD/GJ)	3-Dec	day Δ	%Δ
AECO Jan-13	\$3.06	+\$0.03	+1.0%

Precious Metals

\$US/oz	3-Dec	day Δ	%Δ	5-day	1-mnth	3-mnth
Gold	\$1,716.00	+\$1.20	+0.1%	-1.9%	+2.3%	+1.2%
Silver	\$33.66	+\$0.25	+0.7%	-1.5%	+8.9%	+4.1%
Platinum	\$1,606	+\$3.25	+0.2%	-0.4%	+4.0%	+2.3%

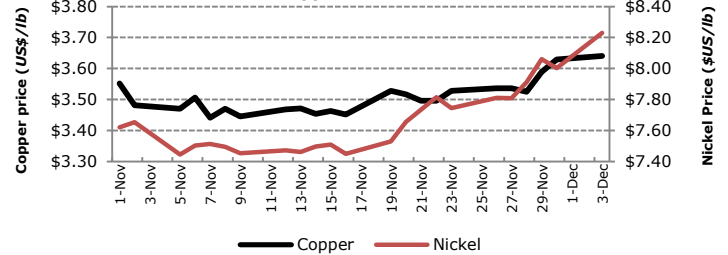
Gold and Silver



Industrial Metals

\$US/lb	3-Dec	day Δ	%Δ	5-day	1-mnth	3-mnth
Copper	\$3.64	+\$0.01	+0.3%	+2.9%	+4.6%	+4.9%
Nickel	\$8.23	+\$0.23	+2.8%	+5.4%	+7.5%	+8.5%
Zinc	\$1.00	-\$0.00	-0.2%	+2.7%	+8.8%	+8.8%
Aluminum	\$0.95	+\$0.00	0.0%	+5.6%	+9.2%	+8.0%
Uranium	\$42.50	+\$0.25	+0.6%	+1.8%	+3.7%	-11.7%

Copper and Nickel



Agriculture & Other

	3-Dec	day Δ	%Δ	5-day	1-mnth
Corn (\$US/bu)	\$7.55	+\$0.02	+0.3%	+0.5%	+1.6%
Wheat (\$US/bu)	\$8.61	-\$0.03	-0.3%	-0.3%	-2.0%
Soybeans (\$US/bu)	\$14.54	+\$0.15	+1.0%	+2.0%	-4.8%
Rough Rice (\$US/cwt)	\$15.38	+\$0.11	+0.7%	+3.0%	+2.5%
Sugar #11 (¢US/lb)	¢19.75	+¢0.41	+2.1%	+3.1%	+1.5%
Lean Hogs (¢US/lb)	¢85.68	-¢1.25	-1.4%	-1.5%	+2.1%
Live Cattle (¢US/lb)	¢130.78	+¢0.38	+0.3%	-1.2%	+1.2%
Cotton No.2 (\$US/lb)	\$0.74	+\$0.00	+0.1%	+1.9%	+3.6%
Lumber (\$US/Mbft)	\$334.20	-\$5.90	-1.7%	+4.7%	+4.0%

Commodity ETFs

\$CAD	3-Dec	day Δ	%Δ	5-day	1-mnth
HBP Crude Oil U	\$4.20	+\$0.00	+0.0%	+2.4%	+7.4%
HBP Nat Gas U	\$14.00	+\$0.13	+0.9%	-14.8%	-5.2%
HBP Comex Gold	\$17.10	-\$0.01	-0.1%	-1.9%	+2.0%

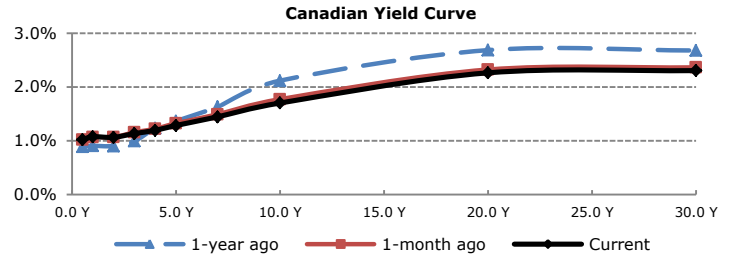
\$USD	3-Dec	day Δ	%Δ	5-day	1-mnth
US Crude Oil	\$32.60	+\$0.04	+0.1%	1.27%	+1.7%
US Nat Gas	\$20.49	+\$0.10	+0.5%	-7.62%	-5.3%
PSDB Agriculture	\$28.92	+\$0.07	+0.2%	0.73%	-0.2%
PSDB Base Metals	\$19.32	+\$0.09	+0.5%	4.04%	+6.3%

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Interest Rates

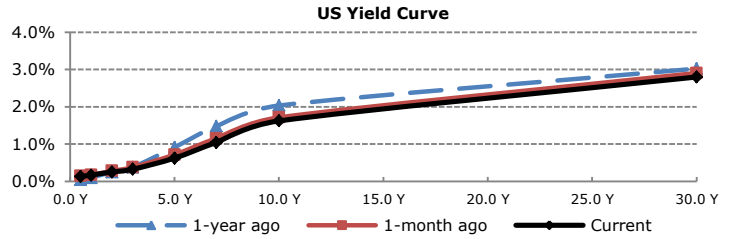
Canadian yield curve

	3-Dec	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.96%	-	0.99%	1.03%	0.84%
6-mnth	1.02%	-	1.02%	1.06%	0.89%
12-mnth	1.07%	-	1.07%	1.15%	0.90%
2-year	1.06%	-0.01%	1.07%	1.12%	0.90%
5-year	1.28%	-0.00%	1.32%	1.32%	1.36%
10-year	1.70%	-	1.77%	1.74%	2.12%
20-year	2.26%	+0.01%	2.32%	2.27%	2.68%
30-year	2.30%	+0.01%	2.36%	2.31%	2.68%

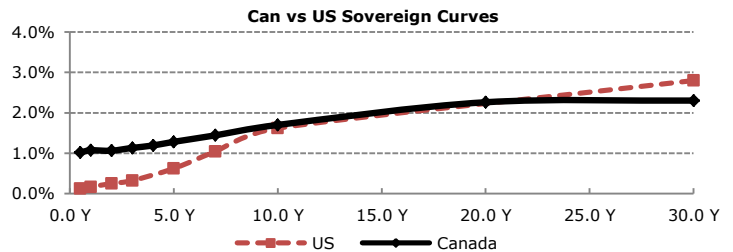
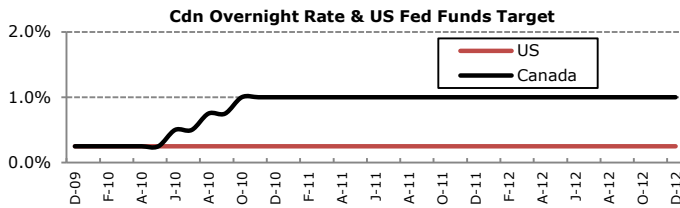


US yield curve

	3-Dec	day Δ	-1 mnth	-3 mnths	-1 year
3-mnth	0.08%	-	0.09%	0.09%	-0.01%
6-mnth	0.13%	-	0.15%	0.13%	0.04%
12-mnth	0.17%	-	0.17%	0.16%	0.10%
2-year	0.25%	+0.00%	0.28%	0.23%	0.25%
5-year	0.62%	+0.01%	0.72%	0.61%	0.91%
10-year	1.62%	+0.01%	1.71%	1.57%	2.03%
30-year	2.80%	-0.01%	2.91%	2.68%	3.02%



	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	3-Dec	day Δ	-1 mnth	-3 mnths	-1 year
USDCAD	\$0.995	+0.001	0.996	0.986	1.034	
EURUSD	\$1.305	+0.007	1.284	1.257	1.304	
USDJPY	¥82.25	-0.230	80.43	78.43	78.00	
GBPUSD	\$1.609	+0.008	1.602	1.587	1.548	
AUDUSD	\$1.042	-0.001	1.034	1.023	1.002	

	Spot	3-Dec	day Δ	-1 mnth	-3 mnths	-1 year
CADJPY	¥82.65	-0.312	80.77	79.55	75.42	
CADAUD	\$0.964	-0.000	0.971	0.992	0.966	
GBPCAD	£1.601	+0.010	1.595	1.565	1.601	
EURJPY	¥107.36	+0.250	103.24	98.57	101.68	
EURAUD	\$1.25	+0.007	1.24	1.23	1.30	

Economic Releases

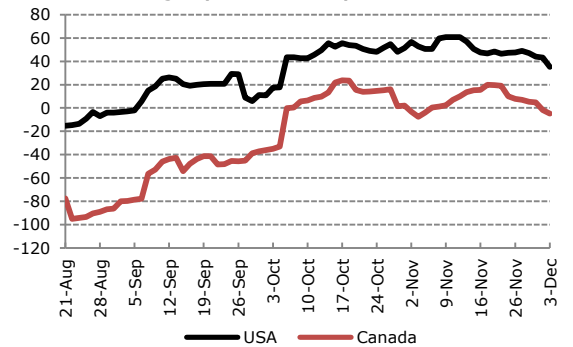
United States

		Period	Survey	Actual	Prior
Mon, Dec 03	ISM Manufacturing	30-Nov	51.4	49.5	51.7
Wed, Dec 05	Factory Orders	31-Oct	--	--	4.8%
Wed, Dec 05	ADP Employment Change	30-Nov	125K	--	158K
Thu, Dec 06	Continuing Claims	24-Nov	3275K	--	3287K
Thu, Dec 06	Initial Jobless Claims	1-Dec	380K	--	393K
Fri, Dec 07	Nonfarm Payroll	30-Nov	87K	--	114K
Fri, Dec 07	Unemployment Rate	30-Nov	7.9%	--	7.9%

Canada

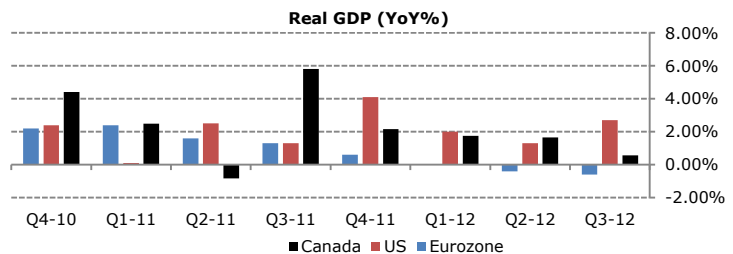
		Period	Survey	Actual	Prior
Thu, Dec 06	Building Permits (MoM)	31-Oct	2.3%	--	-13.2%
Fri, Dec 07	Net Change in Employment	30-Nov	10K	--	1.8K
Fri, Dec 07	Unemployment	30-Nov	7.4%	--	7.4%

Citigroup Economic Surprise Index



Economics

	Q4-11	Q1-12	Q2-12	Q3-12	2012E
Canada					
Real GDP	2.15%	1.74%	1.65%	0.57%	2.10%
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%	2.70%	2.20%
CPI	3.30%	2.83%	1.90%	1.70%	2.10%
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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