



The Week of December 17<sup>th</sup> to December 23<sup>rd</sup>, 2011  
“A Brief Look Back Into Tomorrow”

## Good Afternoon

Following another frustrating week that saw the Major North American markets suffer as encouraging domestic economic news gave way to more geo-political uncertainty, as gold buyers finally appeared late in the week after watching a 4-day, 8% dive of their favourite metal, the weekend media reported that -

As the trying to get into the Christmas spirit brokers and traders closed out another week last Friday, December 16<sup>th</sup>, they were well aware that the chances of a Santa Clause market rally were becoming more and more remote, as for the 50<sup>th</sup> week of the year, the Dow Jones Industrial Average had lost another 2.61%, with the S&P 500 index down by 2.83% and the NASDAQ Exchange was down on the week by 3.46%. To the home of the North Pole north, the TSX Composite index was down on the week by 3.32% and the TSX Venture Exchange was off by over the week by a very disappointing 7.82%.

Some of the new TSX 52-week trading highs established last Friday were CANMARK REIT at \$16.27, Horizons Natural Gas Bear ETF at \$17.65, Keyera at \$48.85, Mainstreet Equity at \$22.85, and TELUS at \$57.00, while a few of the new 52-week trading lows include Bank of Montreal at \$54.38, Bucking Horse at \$3.01, Maple Leaf Foods at \$10.18 Research In Motion at \$13.62, Seabridge Gold at \$18.75 and United Corps at \$41.72.

Wedbush Morgan - “There do appear to be some improving economic indicators domestically, but it’s hard to see how they win the day if Europe continues to be a big concern.”

Windham Financial services - “What everybody is going to look at is the same thing they’ve been looking at - every time a German official opens their mouth we get crushed.”

Solaris Asset Management - “Investors are tired of headlines coming out of Europe and tired of the fact that there isn’t a cohesive solution. But then, it’s never one way or the other so they can’t ignore them.”

MKS Finance SA - “Gold bullion dropped a lot pretty fast, and people started coming in to buy. Physical demand has been extraordinary. People are still worried about Europe.”

Barclays – Longer term, gold still possesses structural pillars of support in an environment of negative real interest rates and rising inflationary pressures, as well as continued central bank buying.”

**The closely watched CBOT Volatility Index or VIX fell by another 0.82-points last Friday to once again drop below 25 to end the week at a slightly calmer level of 24.29.**

Under the heading of 'Seat Sale' - The government of Canada has instructed the nation's commercial airlines to prepare to include all hidden costs such as taxes and airport levies in the advertised price of their airfares.

Under our continuing heading of 'Leading Indicator' - Reuters reports the U.S. Fed Chairman Ben Bernanke has exchanged his variable rate US \$672,000 mortgage for a 30-year fixed rate mortgage with a rate of about 4%.

European Goldfields Ltd. (EGU-T) announces it has agreed to \$2.5-billion cash and share buyout by fellow Aegean miner Eldorado Gold Corp.(ELD-T).

World tensions rise a notch or two on word that north Korean dictator Kim Jong-Il had died of a heart attack late Sunday and that his position would be filled by his son Kim Jung-Un.

Ludvig von Mises - "Capitalism has improved the standard of living of the wage earners of America to an unprecedented extent. The average American family enjoys today amenities of which only a few hundred years ago not even the richest nabobs dreamed."

**And then on Monday, December 19<sup>th</sup> -**

The new trading week begins with investors anxiously watching the skies to see if last Friday's market optimism will bring on this year's long awaited Santa Clause rally.

Beleaguered Chinese forest company, Sino-Forest Corp. (TRE-T) reports it has received default notices from bond holders due the company's failure to file its 3<sup>rd</sup> quarter financials.

The Bank of Nova Scotia (BNS-T) has applied to the Central Bank of Cuba for a representative office license so it can re-establish a presence in the island nation for the first time since their revolution of 1959.

Statistics Canada reports the country's wholesale sales rose by 0.9% in October to \$49.2-billion.

Eurozone ministers agree to increase International Monetary Fund (IMF) resources by a further €150-billion to help cushion the region's sovereign debt issues.

Saab files for bankruptcy after 9-months of negotiations with its stakeholders fail to reach a consensus on how to move the 64-year old Swedish automaker forward.

RuggedCom Inc. (RCM-T) shares' surge up by \$9.91 or 72.81% to \$23.52 when the power station electrical component manufacturer receives a \$280-million all-cash takeover offer from American rival Belden Inc. (BDC-N).

Donald Cooper – “In these days of ultra-sophisticated marketing, never forget the incredible power of simple joy gratitude in creating loyal customers.”

John Ruskin - “What we think or what we know or what we believe is in the end of little consequence. The only consequence is what we do.”

### **Tuesday, December 20<sup>th</sup> –**

Monday’s IMF induced stumble into the new trading week leaves the TSX to report 36 new 52-week trading highs and 21 new lows. Two new highs of note were Dollarama Inc. (DOL-T) at \$42.76 and RuggedCom Inc. (RCM-T) at \$23.52, while five of the interesting new lows include Agnico-Eagle Mines (AEM-T) at \$37.52, EnCana Inc. (ECA-T) at \$18.40, Great-West Life (GWO-T) at \$19.15, Pan American Silver (PAA-T) at \$22.14 and Thomson Reuter (TRI-T) at \$26.24.

Baskin Financial Services – “These (IMF) guys make things worse every time they remind the market they’re unable to help out. These reminders are not helpful.”

RBC Dominion Securities – “There remain pressing downside risks to global growth, financial stability and the viability of the euro. None might unfold in 2012, but none can be easily dismissed.”

Notley’s Notes – “The expected two-stage recovery rally is nearly complete with the second short term uptrend now topping...The new downtrend is confirmed by declining momentum...as the decline develops, it will likely draw the intermediate uptrend through its upper inflection point and into a new downtrend...One intermediate downtrend and most of its recovery has been completed. The next stage of the long term bear, the 2<sup>nd</sup> intermediate downleg is pending...Gold offers some counter-cyclicality on an intermediate trend basis.”

### **FirstEnergy Capital reports that western Canadian natural gas producers pumped a record 9.4-billion cubic feet of gas into storage during the month of November.**

The U.S. Commerce Department reports their new housing starts rose by a better than expected 9.3% in November to a seasonally adjusted 685,000 units, while new building permits rose by 5.7% to a 1¾-year high of 681,000.

Peregrine Diamonds (PGD-T) has agreed to purchase BHP Billiton’s (BHP-N) 51% portion of their Chidliak diamond joint venture property on Baffin Island, Nunavut, in a cash and royalty deal valued at 49-million.

Canadian Solar Inc. (CSIQ-Q) shares surge up by \$2.95 or 33.5% to US \$2.95 on word the solar company will sell \$470-million of solar assets to TransCanada Corp. (TRP-T).

**Gold bullion gains \$20.90 to once again cross above \$1,600 to end the day at US \$1,617.60 an ounce.**

**The Dow Industrials surge up by 337-points to once again climb above 12,000 and close at 12,104.**

Jim Rohn – “For each disciplined effort, there are multiple rewards. For each book, new knowledge. For each success, new ambition. For each challenge, new understanding. For each failure, new determination. Life is like that.”

**Wednesday, December 21<sup>st</sup> –**

Yesterday’s U.S. housing induced triple digit market gains leaves the TSX with 42 new 52-week trading highs to go along with 51 new lows. Four new highs of interest were Alaris Royalty at \$17.92, Enbridge Inc. at \$37.30 and Groupe Bikini at \$5.85 and TELUS NV at \$54.42, while a few of the notable new lows include Air Canada at \$0.98, Alliance Grain at \$18.83, Claymore Natural Gas ETF at \$17.50, Cluff Gold at \$1.06, Kingsway Financial at \$0.50, Lake Shore Gold at \$1.10, Polar Star Mining at \$0.28 and Taiga Building Products at \$0.55.

RBC Dominion Securities – “Santa came to town during the North American session. Right out of the gates equities jumped into the green and by mid-session following the European close, stocks were up close to 3%.”

CMC Markets – “The U.S. housing numbers continues a series of positive surprises out of the states that suggests after two rounds of quantitative easing and a twist, the U.S. economy has finally started to kick into gear.”

Economist David Rosenberg – “There’s a note of holiday cheer in the air as investors convince themselves that the United states is in better shape than once feared, that Europe may actually figure a way out of its mess and that China will glide to a soft landing....still, it’s plain to me and my investment colleagues that 2012 is not going to be the year of the bull...There are too many risks, too many unanswered questions. The range of possible outcomes has rarely been larger.”

The National Association of Realtors reports that U.S. existing home sales increased by 4% in November to an annualized 4.42-million units, while their **existing inventory of unsold homes fell to a near 5-year low, 7-month supply level of 2.58-million units.**

Comercia – “The housing market is finding its bottom, and that will translate into more growth in gross domestic product and less drag on consumer confidence.”

Statistics Canada reports that retail sales increased by another 1% in October to 438.6-billion, the 3<sup>rd</sup> consecutive monthly advance.

BMO Capital Markets – “Canadian spending is still showing serious signs of life despite high debts, downbeat confidence and a drumbeat of negative headlines.”

The shares' of Oracle Corp. (ORCL-Q) fall by \$3.40 or 11.66% to US \$25.77 when the software makers' 2<sup>nd</sup> quarter financials fell short of the streets' expectations.

Research In Motion (RIM-T) shares' rebound up by \$1.27 or 9.84% to \$14.17 on rumours that a takeover bid by Amazon.com (AMZN-Q) for the besieged BlackBerry maker was on the horizon.

Zig Ziglar – “Positive thinking won't let you do anything. But it will help you do everything better than negative thinking will.”

#### **Thursday, December 22<sup>nd</sup> –**

Wednesday's mixed day of trading leaves the TSX to report a balanced 46 new 52-week trading highs to go along with 45 new 52-week lows. Five of the new highs of note were Coastal Energy at \$15.08, iShares REIT ETF at \$15.44, La Mancha Resources at \$2.80, Parkland Fuel at \$12.88 and TransCanada Corp. at \$44.43, while six of the new lows of interest include Ballard power Systems at \$1.16, easyhome at \$5.00, Khan Resources at \$0.19 Lorus Therapeutics at \$0.16, Shore Gold at 40.29 and Timminco at \$0.14.

CMC Markets – “With many traders winding down operations this week, it appears that unless a major catalyst emerges, markets are likely to remain in consolidation mode as traders consider what may be in store for 2012.”

Technical analysts David Tippin & Ron Meisels – “200-day moving averages: These moving averages, an indicator of longer-term trends, are declining and will continue to do so unless there is a major and sustained rally in the market indices.”

Canaccord's Junior Mining Weekly – “The TSX Venture Index started the year up 7.7% from early January to early March; however, the earthquake/tsunami in Japan and ongoing sovereign debt issues in Europe turned the tide dramatically.. The TSX Venture Index dropped 24.0% from the peak to the end of June, and as of December 16<sup>th</sup>, 2011, is off 41.2% from the peak and 37.7% for the year...It's difficult to keep a positive demeanor in a junior mining market that has performed so poorly over the last year. While we expected periods of market volatility in 2011, the unrelenting, high risk aversion led to few opportunities in the sector. While we remain cautious in our outlook for 2012, our experience tells us a contrarian approach to investing in junior mining can offer investors the best opportunities for upside potential in the current market. We continue to stress that risk-tolerant investors should consider accumulating equity positions during corrective market phases (now) and take profits in upturn rallies.”

#### **The U.S. Labor department reports that their initial jobless claims fell by another 4,000 claimants last week to a 3½-year low of 364,000 claim.**

In a unanimous decision, the Supreme court of Canada has kyboshed the Federal government's idea of a 'single national securities regulator' by finding that – “oversight for the investment industry fits squarely within the property and civil rights powers that are assigned to the provinces by the Constitution.”

Coach John Wooden – “If you listen to them, they'll listen to you.”

### Friday, December 23<sup>rd</sup>, Short Strokes –

Yesterday's Santa Clause is coming to town market gains leave the TSX with an improved 59 new 52-week trading highs and a reduced 34 new lows. Four of the notable new highs were Algonquin Power at \$6.44, BCE at \$41.54, Coastal Energy at \$15.30 and Inter Pipeline at \$20.04, while some of the notable new lows include Argosy Energy at \$1.30, Bannerman Resources at \$0.20, Cash Store Financial at \$6.05, First Uranium at \$0.15, IAMGOLD at \$16.20, Kinross Gold at \$11.80, Rare Element at \$17.32, Sears Canada at \$1.20, US Geothermal at 40.38 and Wall Financial at \$10.25.

Northern Trust Global Investments – “The continued reduction in U.S. jobless claims is supportive of the fact that the U.S. economy is gaining momentum and that the 4<sup>th</sup> quarter will be much better than people were expecting even just a month ago.”

Federated Investors Inc. – “The U.S. economy is a lot stronger than people think. Investors are scared to death about what's going on in Europe. You've got to separate domestic economic fundamentals, which are in good shape, from the negative psychological overhang. We're in the decoupling camp. The bears will be proven wrong.”

Moody's reaffirms Canada's 'AAA' credit rating with a 'stable' outlook.

The U.S. Commerce Department reports their durable goods orders, (big things like construction equipment meant to last more than 3-yers), rose in November by a much better than expected 3.8%.

The U.S. Commerce Department also reports their new home sales rose by 1.6% in November to a better than expected annualized 318,000 units.

Mintel reports that a growing taste for high quality chocolate in emerging nations will help Chinese chocolate sales to rise by 19% this year to \$1.2-billion and Indonesian chocolate sales to rise by 25% to \$1.1-billion.

Canadian lingerie retailer La Vie en Rose reports it expects the recent political changes in the Middle East to lead to a tripling of its stores in those Arab countries.

Under our continuing heading of 'What Inflation?' – Statistics Canada reports that food prices rose by 4.8% in November over the same month just one year ago.

A Statistics Canada study finds that based on real gross domestic product (GDP) per capita, **Canadian living standards are improving by 5% relative to those in the United States.**

180 people of the village of Granen, Spain have won the world's largest \$3.3-billion Christmas El Gordo Lottery.

A man recently walked into a York, Nebraska police station and put a dime on the counter to pay for an overlooked parking ticket issued to his mother in.....1954.

Canaccord's Debbie Lewis - "Dear Santa: Let's just say mistakes were made..."

**And Finally -**

An HSBC Bank of Canada survey finds that familiarly leads affluent Canadians to keep 74% of their investments in Canada, with the United States being the second choice for their investment dollar, but their number one favourite travel destination.

**For the Week-**

The DJIA gained 428-points to 12,294, the S&P 500 gained 46-points to 1,265, the TSX gained 291-points to 11,927, the NASDAQ gained 64-points at 2,619 and the J VX gained 44-points to 1,470.

Gold gained \$10.40 to \$1,607.30, Silver lost \$0.41 to \$29.11, Crude Oil gained \$5.30 to \$99.87, Natural Gas lost \$0.06 to \$3.18 and Copper gained \$0.10 to \$3.46.

The CRB Commodities Index followed crude oil, gold bullion, base metals and soft commodities higher to gain 11.08-points to end the week at 306.08.

The Canadian dollar gained 1.75-cents against its American counterpart to close the week at US \$0.9811 and the Euro gained 0.06-cents against the greenback to end the week at US \$1.3041.

Interesting times.....and thanks.

**And Finally, Finally –**

The Week is taking next week so we might spend time with family and friends. We'd like to take this time to thank you all for your support this past year and to wish you and yours a very Merry Christmas and a Happy, Healthy and Prosperous New Year. If all goes according to plan this publication shall return again on Friday, January 6<sup>th</sup>, 2012.

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