



The Week of December 10th to December 16th, 2011
“A Brief Look Back Into Tomorrow”

Good Afternoon

Following yet another ‘all eyes on Europe’ week of trading that saw the major North American markets once again gyrate up or down based on the latest scrap of euronation sovereign debt news, either real or perceived, that came out the region, only to rally late in the week as 25 of the 26 European Union participants finally ratify an agreement that, while not immediately solve the region’s economic dilemma, will at least attempt to provide a platform from which such reforms can emerge, while going almost unnoticed was the improving American domestic economics, along with a new Canada/US. cross border trade and security agreement, the weekend media reported that -

As the ‘looking for a miracle’ investment advisors finally left their offices last Friday, December 9th, they hoped that perhaps their Christmas wish to Santa to once and for all put the European debt issue to bed was coming true in that for the 49th week of 2011, the Dow Jones Industrial Average had managed a weekly gain of 1.37%, with the S&P 500 Index etching out a small gain of 0.88%, while the NASDAQ Exchange managed to return a small return of 0.76%. North of the border, the ‘resource prices are going nowhere’ TSX Composite Index lost a marginal 0.33% over the week, while the TSX Venture Exchange gave back 0.64%.

Some of the 21 new TSX 52-week trading highs established last Friday include AutoCanada Inc. (ACQ-T) at \$6.20, BCE Inc. (BCE-T) at \$40.97, Enbridge Inc. (ENB-T) at \$36.94, First Capital Reality (FCR-T) at \$17.55, Jean Coutu Group (PJC.A-T) at \$13.66 and Xceed Mortgage Corp.(XMC-T) at \$1.00, while a few of the 32 new 52-week lows were Canfor Pulp Products (CFX-T) at \$9.12, Davis & Henderson (DH-T) at \$14.51, Claymore Natural Gas Commodity ETF (GAS-T) at \$19.08, Int’l. Tower Hill Mines (ITH-T) at \$4.59, Orvana Minerals (ORV-T) at \$1.01, Potash Corp. of Saskatchewan (POT-T) at \$40.60, Sulliden Gold Corp. (SUE-T) at \$1.32 and Velan Inc. (VLN-T) at \$11.80.

Last Friday’s triple digit market rally came on word that 25 of the 26 members of the European Union (EU), save for Great Britain, had agreed on a framework to enhance the sovereign debt rescue fund along with binding limits on national budgets and borrowing, as well as stiff penalties for those who overstep the boundaries.

Financial Post- “It’s not a perfect deal, but the agreement reached by European Union members to bolster the rescue fund and tighten laws on deficits by member

states gave markets an end-of-week boost.”

German Chancellor Angela Merkel - “The agreement is a great step toward a stable Europe and a crucial part of the continuing political and monetary integration and reformation of Europe. It will be implemented step-by-step over several years.”

Britain’s Prime Minister David Cameron - “It was a tough decision, but the right one. The accord would restrict our national sovereignty over key financial decisions and did not provide any safeguards for our financial services industry.”

ABC Funds - “It’s half a victory. We’d like to see unanimous agreement. For us to have financial peace and prosperity in North America, we have to have some semblance of tranquility in Europe and Asia.”

CMC Markets - “This has been a political crisis within the Eurozone about building fiscal management structures that really should have been there in the first place. Being outside of the Eurozone, the U.K. was not part of the problem that undermined the euro it never joined anyway. There is no reason that the EU can’t continue on as a free free-trade zone with some countries using the euro and others keeping their currencies by choice or by not being ready for euro membership.””

The Council of European Relations - “You’d have to be insane to let Europe break up.”

The domestic economic news out of the united States continued to improve last Friday when the closely followed University of Michigan Preliminary Index of Consumer Sentiment rose by a better than expected 3.6-points in November to a 6-month high of 67.7.

Canadian Manufacturers and Exporters - “If we can’t get this new cross border trade agreement right between two neighbours in a highly competitive world, where jobs in both countries depend on each other, then we don’t know what the plan should be. We have to succeed,”

HIS Global Insight - “The U.S. economy continues to show improvement even as the picture for the rest of the world deteriorates. Export growth has slowed this year, but it is still running ahead of import growth.”

Blue Coat Systems (BCSI-Q) rose by \$7.63 or 43.65% to US \$25.11 when the technology company agrees to a \$1.3-billion takeover and go private offer from private equity firm Thoma Bravo LLC.

And the shares' of Flow International (FLOW-Q) rose by \$1.10 or 45.45% to US \$3.52 when the industrial water jet company reports better than expected 2ndquarter financials.

Coach John Wooden - "Teamwork is not a preference; it's a requirement."

And then on Monday, December 12th-

Like children waiting for Santa, investors hope they have been good enough to keep last week's late market rally going for the first day of the new week.

Statistics Canada reports that a drop in the value of the Canadian dollar helped the country's net international debt to fall by \$31.8-billion in the 3rd quarter, the first such drop in 10-quarters, to \$189.5-billion.

Bank of Canada Governor Mark Carney - "Our strong position gives us a window of opportunity to make adjustments needed to continue to prosper in a beleaguered world."

The U.S. treasury announces that its budget deficit for November was a little less than expected US \$137.3-billion.

China reports its trade surplus fell by \$2.5-billion in November to US \$14.53-billion.

The shareholders' of Diamond Foods (DMND-Q) are disappointed to see their investment plunge by \$9.26 or 22.83% to US \$31.30 when the company cites problems with its walnut growers as reason for being delinquent with its latest quarterly report.

FuelCell Energy (FCEL-Q) shares' rise by \$0.14 or 14.74% to US \$1.09 when the alternative energy company reports it has established an agreement to supply fuel cells to Spanish biogas company Abengoa SA.

The shares' of Lundin mining fall by \$0.25 or 6.04% to \$3.89 when the multi-mineral miner releases a less than expected production guidance for the next couple of years.

Sun Life Financial (SLF-T) shares' gain \$1.54 or 8.41% to \$19.86 when the insurance provider announces it will reposition itself to better improve shareholder value.

Under the heading of 'Have Money - Will Travel' - With a perfect example of how capital will leave unfriendly jurisdictions, Suncor Energy (SU-T) announces that it is suspending indefinitely its operations in unstable Syria.

Credit rating agencies Fitch and Moody's both announce that they will carry out further credit reviews of the eurozone nations. And with that -

Gold bullion gives up another \$48.60 to once again below \$1,700 to close at US \$1,668 an ounce.

The TSX Venture Exchange falls by 56-points to once again drop below 1,500 to end the day at 1,491.

The TSX drops by 127-points to once again fall below 12,000 and close at 11,908.

Warren Buffet - "It takes 20-years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."

Tuesday, December 13th -

Monday's rating agency 'Bah. Humbug' induced triple digit market loss to start off the new trading week leaves Canaccord's Morning Coffee to report an increased 27 new 52-week trading highs and 57 new lows. Five of the notable new highs were Computer Modelling Group (CMG-T) at \$15.94, Constellation Software (CSU-T) at \$78.98, EnerCare Inc. (ECI-T) at \$9.06, H&R Real Estate Investment Trust (HR.UN-T) at \$23.76 and Mainstreet Equity (MEQ-T) at \$21.24, while a number of the new lows of interest include Ainsworth Lumber Co. (ANS-T) at \$0.80, Coxe Global Agribusiness IF (CAG.UN-T) at \$8.17, Exeter Resource Corp. (XRC-T) at \$2.98, Le Chateau (CTU.A-T) at \$1.75, First Uranium (FIU-T) at \$0.18, Helix BioPharma (HBP-T) at \$1.30, Keegan Resources (KGN-T) at \$3.85, Logan Int'l. (LII-T) at \$4.40, MAG Silver (MAG-T) at \$7.18, Nexen Inc. (NXY-T) at \$14.73, Shore Gold Inc. (SGF-T) at \$0.37, Vero Energy (VRO-T) at \$2.00, and White Tiger Gold (WTG-T) at \$0.54.

Scotia Capital - "Some of Monday's weakness was due to the Moody's announcement that it was going to review ratings for EU countries with a decision expected next year as the latest EU summit contained few new measures. However, we also witnessed a huge decline in several financial firms while commodities were down almost across the board."

CMC Markets - "At this point it will take improved eurozone economic numbers, not just political rhetoric or grand gestures, to move investors from despair to optimism."

The U.S. Federal Open Markets Committee leaves the country's key overnight lending rate at 0.00% - 0.25%.

U.S. Fed - "Strains in global financial markets continue to pose significant downside risks to the economic outlook."

Statistics Canada reports that the average Canadian's credit-market debt to disposable income ratio rose in the 3rd quarter to a record high of 150.8%.

Bank of Canada Governor Mark Carney - "The greatest risk to the domestic economy is household debt."

Best Buy (BBY-N) shares drop by \$4.33 or 15.43% to US \$23.74 when the electronics retailer posts weaker than expected sales and earnings.

And Boeing Inc. (BA-N) keeps ringing up the orders as the Seattle based airplane manufacturer reports that Southwest Airlines (LUV-N) has ordered a record 208 or US \$19-billion of new age 737 airliners.

The shares' of Ivanhoe Mines (IVN-T) fall by \$4.59 or 21.57% to \$16.69 when its largest shareholder, Rio Tinto (RIO-N), reports it may not add to the 49.9% of the Mongolian copper developer that it already owns.

Bertie Charles Forbes - "Many of the most successful men I have known have never grown up. They have retained bubbling-over boyishness. They have relished wit, they have indulged in humor. They have not allowed dignity to depress them into moroseness. Youthfulness of spirit is the twin brother of optimism, and optimism is the stuff of which business success is fashioned, resist growing up."

Wednesday, December 14th -

Yesterday's continued negative fallout leaves the TSX to report a lesser 22 new 52-week trading highs to go along with an increased 75 new 52-week lows. Five of the new highs includes Aecon Group (ARE-T) at \$10.60, Boardwalk REIT (BEI.UN-T) at \$53.32, Income STREAMS III (STQ-T) at \$24.17, Metro Inc. (MRU.A-T) at \$53.67 and TELUS Corp. (T.A-T) at \$53.35, while a collage of the many new lows of note were Agnico-Eagle Mines (AEM-T) at \$41.45, China Gold Int'l. (CGG-T) at \$2.40, Eastern Platinum (ELR-T) at \$0.52, Int'l. Tower Hill Mines (ITH-T) at \$4.04, Lake Shore Gold (LSG-T) at \$1.17, Minera Andes (MAI-T) at \$1.44, PC Gold (PKL-T) at \$0.28, Research In Motion (RIM-T) at \$15.85, San Gold Corp. (SGR-T) at \$1.48, TransGlobe Energy (TGL-T) at \$7.10, US Gold Corp. (UXG-T) at \$3.23, WestJet Airlines (WJA-T) at \$10.75 and Yukon-Nevada Gold (YNG-T) at \$0.28.

Notley's Notes - "Long term trends are down globally...This commonality will make for pivotal turns for the short term trend...The new long term cyclic bear is the third in the life of the still-developing secular decline originating nearly 12-years ago. The current cyclic bear is likely to be comprised of three declining stages or downlegs. Stage one has been completed and the second downleg is pending....In the post world War Two economic environment, bear markets persisted on average 12.2-months with declines of 25.3%."

Dear Canaccord's Junior Mining Weekly - "Your troubles are known to me at the North Pole. Investors are worried about how they will become whole. Santa knows metal prices are still quite good, with margins above average, producers balance sheets have grown as they should. But confidence is a gift that can't be wrapped in a bow, delivered by my reindeer on a roof topped with snow. It is something that is nurtured, distracts, strong and consistent, allaying mass fear to make the world more persistent. It is not Santa's place to tell people what to do, but to watch and to listen to what it is people do... For those who remain troubled, have some holiday cheer, we are but a few days away from the start of the new year. Merry Christmas!" - Santa.

The Organization of Petroleum Exporting Countries (OPEC) has announced it will increase its daily oil production target by 5.5-million barrels a day to 30-million barrels a day.

Statistics Canada reports that British Columbia's forestry exports to China rose by 8% in October over the same month one year ago to \$89-million.

Crocodile Gold (CRK-T) shares' jump up by \$0.15 or 42.65% to \$0.49 when Luxor Capital group announces its intention to acquire up to 215-million shares if the Australian miner to bring its holdings up to 50%.

First Solar (FSLR-Q) shares' drop by \$9.12 or 21.42% to US \$33.45 when the company cuts its sales and earnings estimates for the second time in the last two months.

The shares' of Karnalyte Resources (KRN-T) fall by \$2.72 or 21.73% to \$9.80 when the potash developer sites regulatory delays for killing a previously announced \$115-million financing.

Gold bullion tumbles by another \$76.20 to fall below \$1,600 and end the day at US \$1,586.90 an ounce.

The Gartman Letter - "Since the early autumn here in the Northern Hemisphere gold has failed to make a new high. Each high has been progressively lower than the previous high, and now we've confirmation that the new interim low is lower than the previous low. We have the beginnings of a real bear market, and the death of a bull."

Isabel Moore - "Life is a one-way street. No matter how many detours you take, none of them leads back. And once you know and accept that - life becomes much simpler."

Thursday, December 15th -

Wednesday's more uncertainty about Europe induced triple digit market losses leaves the TSX with 24 new 52-week trading highs and a greatly increased 153 new

52-week lows. Three of the interesting new highs were BMO Long Corporate Bond ETF (ZLC-T) at \$17.18, Horizons Tactical Bond ETF (HAF.A-T) at \$8.04 and TELUS Corp. (T-T) at \$56.44, while some of the too many new lows include Almaden Minerals (AMM-T) at \$2.08, Bank of Montreal (BMO-T) at \$54.92, CanWel Building Materials (CWX-T) at \$1.66, Cash Store Financial Services (CSF-T) at \$6.15, Encana Corp. (ECA-T) at \$18.57, Golden Minerals (AUM-T) at \$5.47, Great-West Lifeco (GWO-T) at \$19.18, IAMGOLD Corp. (IMG-T) at \$16.90, Kinross Gold (K-T) at \$11.91, Manulife Financial (MFC-T) at \$10.39, Nexen Inc. (NXY-T) at \$14.20, Osisko Mining (OSK-T) at \$9.18, Pan American Silver (PAA-T) at \$23.14, Silver Standard Res. (SSO-T) at \$13.15, Timmons Gold (TMM-T) at \$1.74 and U.S. Silver Corp. (USA-T) at \$3.06.

Pioneer Investments - "It's very frustrating. There's a real hypersensitivity to stories coming out of Europe - ratings, downgrades, what have you. Any indication is seen as something as a basis to trade. That's continuing to cause anxiety among investors. Nobody sees a way through this at the moment."

Cozad asset Management - "The U.S. Economy continues to show subtle improvements, but those numbers are being smothered by news coming out of Europe."

CMC Markets - "With the holidays approaching and many markets way down on the year, it appears that many investors have decided to throw in the towel ahead of the holidays and take their losses early. Although this negativity may persist for some time don't forget that we saw similar action just before the U.S. Thanksgiving holiday last month where extreme pre-holiday jitters and selling ended up setting the stage for a significant rebound."

The U.S. Labor Department reports the their initial jobless claims fell by a greater than expected 16,000 claimants last week to 366,000 claims.

Similarly, the U.S. Empire State Manufacturing Survey climbed to a better than expected level of 9.53, while the Philadelphia Fed Survey came in at a better than expected level of 10.3.

And similarly, Statistics Canada reports the country's industrial capacity utilization rose by 1.4% in the 3rd quarter to 81.3%.

Compass Petroleum (CPO-T) shares surge up by \$0.27 or 21.43% to \$1.53 when the company receives a \$1.60-a-share cash and stock takeover offer from Whitecap Resources (WCP-T).

The shares' of Pachamama Resources (PMA-V) and Regulus Resources (REG-V) jump up by 110.53% to \$0.80 and 88.89% to \$0.85 respectively when the joint venture partners release encouraging drill hole copper/gold assays from their 50/50-

owned Rio Grande property in Salta Province, Argentina.

Fedex (FDX-N) shares' gain \$6.11 or 7.91% to US \$83.40 when the international package courier beats the street with its 2nd quarter financial.

J. Paul Getty – “The meek shall inherit the Earth - but not its mineral rights.”

Friday, December 16th, Short Strokes -

Yesterday's U.S. economy glass half full mixed day of trading leaves the TSX to report 27 new 52-week trading highs and a reduced 93 new lows. Three of the notable new highs were Alaris Royalty, ClubLink enterprises and Enghouse Systems, while some of the notable new 52-week lows include Atrium Innovations (ATB-T) at \$10.70, Bombardier Inc. (BBD.B-T) at \$3.30, Catalyst Paper (CTL-T) at \$0.13, Detour gold (DGC-T) at 423.03, Guyana Goldfields (GUY-T) at \$6.39, Klondex Mines (KDX-T) at \$2.02, Nautilus Minerals (NUS-T) at 41.95, Pacific Rubiales Energy (PRE-T) at \$18.17, Seabridge Gold (SEA-T) at \$19.19, Theratechnologies inc. (TH-T) at \$2.05 and WaterFurnace Renewable Energy (WFI-T) at \$15.82.

Cozad asset Management – “The U.S. economy continues to show subtle improvements and the market volatility is being caused by the news coming out of Europe.”

Reuters reports that copper production from the world's largest miners increased by 1.5% in the 3rd quarter.

Statistics Canada reports that total Canadian household net worth fell by 2.1% in the 3rd quarter to \$6.2-trillion or \$180,100 per person.

International package mover FedEx (FDX-T) reports it moved a record 17-million packages last Monday, December 12th.

The Canadian Real Estate association reports the average sale price of a Canadian home rose by 4.6% in November over the same month a year ago to... \$360,396.

The Associated Press reports that a seasonal demand for Christmas baking along with a new butter rich diet have combined to cause **butter shortages in Norway that has pushed the price of butter upwards of.....now wait for it...\$32-a-pound!**

Research In motion (RIM) shares' plunge by another \$1.83 or 11.96% to \$13.97 when the BlackBerry makers 3rd quarter financials fail to impress the street, and worse yet, the company also said there would be further delays in launching their new smartphone technologies in 2012.

Canaccord's Debbie Lewis - "Dear Santa; Define "bad"."

For the Week so far-

The DJIA lost 318-points to 11,866, the S&P 500 lost 36-points to 1,219, the TSX lost 399-points to 1,636, the NASDAQ gained 92-points to 2,555, and the JVX lost 121-points to 1,426.

Gold lost \$120.00 to \$1,596.90; Silver lost \$2.75 to \$29.52, Crude Oil lost \$5.23 to \$94.57, Natural Gas lost \$0.11 to \$3.22 and Copper lost \$0.022 to \$3.36.

The CRB Commodities Index followed base metals, precious metals, crude oil, natural gas and soft commodities all lower to lose 11.43-points to end the week at 295.00.

The Canadian dollar lost 0.081-cents against its American counterpart to close the week at US \$0.9636 and the Euro lost 0.334-cents against the greenback to end the week at US \$1.3035.

And Finally -

The recent love affair of smartphones in the workplace may have run its course as an Intel poll found that 42% of human resource managers have received complaint about employee's use of the mobile technology while on the job, mainly due to ringing while in meetings, to surfing the net and checking emails or texts during presentations.

Interesting times.....and thanks.

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