



The Week of December 3<sup>rd</sup> to December 9<sup>th</sup>, 2011  
“A Brief Look Back Into Tomorrow”

## Good Afternoon

Following a very encouraging week where the North American major markets posted impressive across the board two-year high rallies, as the Euronation leaders seemed to be working through their sovereign debt issues, while U.S. unemployment took an unexpected drop, as increased tensions in Iran and Syria put upward pressure on crude oil prices, and Research In Motion continued to fall back from the leaders of smartphone pack, the weekend media reported that -

As the back with a vengeance brokers and traders hit the off switch last Friday, December 2<sup>nd</sup>, they hoped that the previous week's market activity was a precursor of things to come as for the 48<sup>th</sup> week of the year, the Dow Jones Industrial Average had returned a healthy gain of 7.01%, with the S&P 500 Index bettering that with a weekly gain of 7.39% and the NASDAQ Exchange doing better still with a gain over the week of 7.59%. To the it's starting to get chilly north, the TSX Composite Index returned a weekly gain of 5.35% followed by the TSX Venture Exchange with a weekly advance of 3.44%.

A few of the 19 new TSX 52-week trading highs established last Friday were AltaGas Ltd. (ALA-T) at \$31.07, Argonaut Gold (AR-T) at \$7.17, BCE Inc. (BCE-T) at \$40.42, Dollarama Inc. (DOL-T) at \$41.27, Mainstreet Equity (MEQ-T) at \$19.89, Peyto Exploration & Development (PEY-T) at \$25.07 and TELUS (T-T) at \$55.93, while some of the 18 new 52-week lows include Arctic Glacier Income Fund (AG.UN-T) at \$0.04, Bennett Environmental (BEV-T) at \$1.81, Churchill Corp. (CUQ-T) at \$10.69, Coxe Global Agribusiness IF (CAG.UN-T) at \$8.87, Minco Silver (MSV-T) at \$1.45, Redneck Solutions (RKN-T) at \$0.90, Transition Therapeutics Inc. (TTH-T) at \$1.44 and Velan Inc. (VIN-T) at \$12.30.

IHS Global Insight - “The big picture shows an American economy that has picked up steam in the second half of the year. It still faces domestic headwinds. But the major threat remains external from slowing growth in the rest of the world and from the euro zone's financial crisis.”

TD Securities - “The American economy is continuing to head in the right direction.”

ConvergEx Group - “We've been led down the aisle so many times we're afraid the groom's not going to show up again.”

Economist David Rosenberg - "When I look back at the historical data...daily moves in the Dow - 400 to 500-point moves - that doesn't happen in a bull market. That's actually more characteristic of the move you get in a bear market than a bull market."

Jefferies Bache - "The Iranian situation is one of those things that could have really bullish potential impact on crude oil. At the moment it's a supportive factor and one of the issues that makes you think the market won't come off too far from here even if there is more economic doom and gloom all of a sudden."

Sprott Asset Management - "Things are really bad: there's no 'if' about it. We believe that there's a financial crisis that's not going away and people should have their assets in real things, especially gold and silver."

Alex & Baldwin (ALEX-N) shares' rose by \$6.33 or 16.63% to US \$44.39 when the company announced it will split itself into separate ocean transportation and Hawaiian real estate & agriculture units. (We can only wonder if Alex Baldwin owns a position in this company?)

The shares' of Cap-Ex Ventures (CEV-V) rose by \$0.21 or 21.43% to \$1.19 last Friday when the Labrador iron redeveloper reported a \$10,200 financing from merchant bank Forbes & Manhattan and others.

Research In Motion (RIM-T) more or less conceded the smartphone and tablet battle last Friday when Canada's BlackBerry manufacturer said it expected 4<sup>th</sup> quarter sales and revenues to decline.

National Bank Financial - "RIM's recovery window is almost dead."

Canada's Prime Minister Stephen Harper on the delay of the Keystone XL oilsands pipeline - "It is not in this country's interest that we are captive supplier of the United States, of energy products, especially when we see some of the politics down there. I'm disappointed with the politics down there. I think the project will eventually go ahead, but in the meantime we will ensure that we have the ability to sell our energy products around the world."

Donald Trump - "Always know that you can be topped and that you can be toppled over. Keeping that in mind will guarantee that you are in your best form for competition. Even if you are currently the top gun, pretend that you are the underdog. It will improve your insight as well as your vision."

### **And then on Monday, December 5<sup>th</sup> -**

The new week begins with brokers, traders and investors alike anxiously waiting to see if last week impressive market gains can be carried over into the new week.

The Toronto Stock Exchange reports that it and the TSX Venture Exchange have raised a total of \$10.9-billion to October of this year for the more than 1,600 mining companies listed on the world's premier mining exchanges.

Standard & Poor's gets investors attention and puts a damper on what was a buoyant day of trading when the rating agency announces it is putting all 17 of the eurozone countries on a credit downgrade watch.

Frontier Rare Earths (FRO-T) shares' rose by \$0.19 or 18.10% to \$1.24 when the mineral explorer announces a strategic partnership with Korean government owned Korea Resources Corp. (KORES) to develop their Zandkopsdrift rare earth project in South Africa.

The shares of Rye Patch Gold (RPM-V) surge up by \$0.35 or 89.61% to \$0.73 when the exploration company announced it has picked up ground near Cour d'Alene Mines' (CDE-N) Rochester project in Nevada.

The shareholders' of Success Factors (SFSF-Q) are pleased to see their investment surge up by \$13.49 or 51.39% to US \$39.74 when the human capital management company announces it will be acquired by Germany's SAP AG (SAP) in a US \$3.4-billion all cash deal.

Warren Buffett - "Let me be clear in one point. I can't predict the short-term movements of the stock market. I haven't the faintest idea as to whether stocks will be higher or lower a month - or a year - from now. What is likely, however, is that the market will move higher, perhaps substantially so, well before either sentiment or the economy turns up. So if you wait for the robins, spring will be over."

### **Tuesday, December 6<sup>th</sup> -**

Monday's 'the market's up in spite of the S&P's warning of a total European downgrade' leaves Canaccord's Morning Coffee to report an increased 32 new 52-week trading highs and an increased 25 new lows. Some of the interesting new highs include Algonquin Power & Utilities (AQN-T) at \$6.16, Cogeco Cable (CCA-T) at \$51.50, Hardwoods Distribution (HWD-T) at \$3.35, InterRent REIT (IIP.UN-T) at \$3.49, Metro Inc. (MRU.A-T) at \$53.07, Paramount Resources (POU-T) at \$41.50, Trilogy Energy (TET-T) at \$39.36 and Whitecap Resources (WCP-T) at \$8.70, while a mix of the new lows includes Ainsworth Lumber Co. (ANS-T) at \$0.92, Claymore Natural Gas Commodity ETF (GAS-T) at \$19.51, Lifeco Split Corp. (LSC-T) at \$6.00, NuVista Energy (NVA-T) at \$4.30, Ridley Inc. (RCL-T) at \$8.02, Research In Motion (RIM-T) at \$16.35, St. Andrew Goldfields (SAS-T) at \$0.44, Stornaway Diamond (SWY-T) at \$0.88 and Tranzeo Wireless Technologies (TZT-T) at \$0.09.

CMC Markets - "With another big meeting approaching, it's important to remember that getting out of the European debt mess is a process that will likely take years. What is most important for markets, however, is the level of confidence that traders have in whether politicians have the courage to implement the necessary changes."

Economist David Rosenberg - "The coming year promises to be one of transition - politically in the United States with the presidential election, financially in Europe with the potential breakup of the monetary union, and economically in China with slowing growth."

**In direct contrast to mainstream media reports to the contrary, the U.S. Department of Energy reports that the United States, due to increases in exports of lubricants, jet fuel, is on track to end 2011 as a net exporter of petroleum products for the first time since 1949.**

Statistics Canada reports the level of the country's building permits rose in October by a better than expected 11.9% to \$6.3-billion.

Robert Shiller - "In 2004, when I wrote the 2<sup>nd</sup> edition of my book Irrational Exuberance, I said in the preface I was worried that the boom in home prices might collapse, bring on bankruptcy in both households and businesses, and lead to a world recession. I remember thinking that this sounds kind of flaky - nobody else is saying this, I can't prove it, this could be embarrassing. But I had learned from my father not to care what other people think. This was my book, and I believed this, so I said it."

The Bank of Canada does what is expected and leaves its benchmark interbank overnight lending rate at 1.00%.

RBC Economics - "Given concerns about the weakened global economy and its impact on Canada's growth momentum, we expect that the Bank of Canada will maintain its accommodative policy for at least until mid 2012."

Capstone Infrastructure (CSE-T) shares' plunge by \$2.08 or 37.14% to \$3.52 when the independent power producer warn of a possible dividend cut.

Darden Restaurants (DRI-N) shares' fall by \$5.81 or 12.17% to US \$41.92 when the parent of the Red lobster, Olive Garden and LongHorn Steakhouse restaurant chains reduced its earnings expectations for the next quarter.

The shareholders' of Quadra FNX Mining (QUX-T) are pleased to see their investment surge up by \$4.52 or 39.82% to \$15.87 when the Canadian copper miner receives a \$15.00-a-share, \$3.3-billion all-cash takeover offer from Poland's KGHM Polska Miedz S.A.

Other copper miners such as European Goldfields (EGU-T) and Lundin Mining (LUN-T) rise on speculation that they may be takeover candidates to go along with Quadra FNX Mining (QUX-T).

The long suffering shareholders' of Peregrine Pharmaceuticals (PPHM-Q) are encouraged to see their investment rise by \$0.23 or 23.02% to US 41.23 when the drug developer reports highly encouraging test results from its lung cancer drug bavituximab.

Sandvine (SVC-T) shares' fall by \$0.66 or 35.87% to \$1.18 when the wireless supply company reports a weaker 4<sup>th</sup> quarter outlook.

Confucius - "The superior man is modest in his speech, but exceeds in his actions."

### **Wednesday, December 7<sup>th</sup> -**

Tuesday's eventless mixed day of trading leaves the TSX to report a lesser 23 new 52-week trading highs to go along with an increased 40 new 52-week trading lows. A collage of the new highs of interest include Black diamond Group (BDI-T) at \$17.75, Crocotta Energy (CTA-T) at \$3.74, Front Street Strategic Yield (FSS-T) at \$11.19, Inter Pipeline Fund (IPL.UN-T) at \$18.70, Northland Power (NPI-T) at \$17.49 and Shoppers Drug Mart (SC-T) at \$43.43, while some of the notable new lows were Bank of Nova Scotia (BNS-T) at \$47.54, Capstone Infrastructure Corp. (CSE-T) at \$3.52, Compton petroleum (CMT-T) at \$4.76, Hard Creek Nickel (HNC-T) at \$0.16, Ivanhoe Energy (IE-T) at \$0.88, Lorus Therapeutics (LOR-T) at \$0.17, Microbix Biosystems (MBX-T) at \$0.18, Norsat Int'l. (NII-T) at \$0.47, Oromin Explorations (OLE-T) at \$0.77, Polar Star Mining (PSR-T) at \$0.29, Sandvine Corp. (SVC-T) at \$1.17, Sears Canada (SCC-T) at \$11.90, Westdome Gold Mines (WDO-T) at \$1.71 and Xtra-Gold Resources (XTG-T) at \$1.45.

Wedbush Morgan - "People are expecting something big and bold to get proposed so people are sanguine that something good is going to come out of this."

Fifth third asset management - "There's still a lot of noise coming out. Everyone is getting tired of it."

Schaeffer's Investment research - "You throw in potential downgrades on 15 out of 17 European countries, and it is encouraging for the market to show this much resilience."

Notley's Notes - "The gold sector is approaching its intermediate bottom. Accumulate leaders using the current short term uptrend."

Canaccord's Junior mining Weekly – "It's been one heck of a year for the junior mining sector. We started the year with hope of wealth and prosperity, and find ourselves dug into a deeper hole than many of our operating mines. It's not that conditions are entirely grim in our sector, metal prices remain above average, interest rates remain low, and major mining companies continue to grow their balance sheets, providing the possibility for M&A activity. The hard reality is investors are just plain frightened...Santa, we need some help."

Canadian prime Minister Stephen Harper and U.S. President Barack Obama sign the new 'Beyond The Border' pact which is designed to enhance security and speed up the movement of goods and people across their common border.

Dollarama Inc. (DOL-T) reports its discount stores revenues increased by 12.5% in the 3<sup>rd</sup> quarter over the same quarter one year ago to US \$356-million.

The shares' of Intrepid Mines (IAU-T) gain \$0.20 or 15.27% to \$1.51 when the mineral developer reports an increase in inferred resources from the Tumpangpitu area of its Turuj Bulit copper-gold project in Indonesia.

J.C. Penny (JCP-N) announces it has acquired a 16.6% interest in Martha Stewart Living Omnimedia (MSO-N) and that the giant American retailer will create mini-Martha shops within its department stores. (And that's a good thing..)

Mark Sanborn - "How I do my work makes life a heaven or hell for others. How I treat colleagues and customers makes their lives better or worse. Neutrality is a myth as any attempt to disengage will appear to others as indifference, and that indifference is an insult to others."

#### **Thursday, December 8<sup>th</sup> –**

Yesterday's mildly optimistic day in the markets leaves the TSX to report an increased 28 new 52-week trading highs to go along with 42 new lows. A few of the new highs of note include Computer Modeling Group (CMG-T) at \$15.39, CANMARC REIT (CMQ.UN-T) at \$15.39, Enercare Inc. (ECI-T) at \$8.83, Firm Capital Mortgage Investment (FC-T) at \$13.24, Gendis Inc. (GDS-T) at \$3.20, Jean Coutu Group (PJC.A-T) at \$13.25, Pembina Pipeline (PPL-T) at \$31.15, Softchoice Corp. (SO-T) at \$9.94 and Spartan Oil Corp. (STO-T) at \$3.39, while a some of the new lows of interest were Air Canada (AC.A-T) at 40.99, Canfor Pulp Products (CFX-T) at \$9.68, Kingsway Financial Services (KFS-T) at \$0.56, Legumex Walker (LWP-T) at \$6.38, Newfoundland Capital Corp. (NCC.B-T) at \$9.00, Polymet Mining (POM-T) at \$1.07 and Terra Energy (TT-T) at \$0.48.

Scotia Capital – "The EU summit begins with all eyes pointed on the actual details of any resolution, rather than the general ideas currently being put forth. Fiscal consolidation seems inevitable among the 17 euro countries at least but to what degree is still the main question and what type of penalties will be set if countries do not comply. All this does is highlight once again how jittery markets remain."

Sunrise securities – "We are in a holding mode waiting to see if they can actually herd the kittens in the EU to come to something. All we are looking for is progress, we are not looking for anything perfect, we are not looking for the ultimate solution."

The Central Bank of Europe gives into the eurozone's economic uncertainty and

lowers its key lending rate by 1/4% to 1.0%.

The Canada Mortgage and Housing Corp. reports our new housing starts fell by 13% in November to an annualized rate of 181,100 units.

The U.S. Labor Department reports their initial jobless claims fell by 23,000 last week to 281,000 claims.

The U.S. Commerce Department reports their wholesale inventories rose in October by 1.6% to US \$470.18-billion.

BCE Inc. (BCE-T) and National Bank of Canada (NA-T) raise their quarterly dividends by 5 and 6% respectively.

McDonald's Corp. (MCD-N) reports a 7.4% rise in same store sales for the month of November.

Connacher Oil & Gas Ltd. (CCL-T) shares' surge up by \$0.31 or 50.82% to \$0.92 when the company deluges it has received a confidential, non-binding, unsolicited bid for the Alberta based company.

The shares' of Central European Distributor Corp. (CEDC-Q) rise by \$0.95 or 18.59% to US \$6.06 when Russian Standard offers to buy an additional stake in the vodka producer.

The European Central Bank reports it is not prepared at this time to substantially increase the amount of sovereign debt it buys from its most distressed members, and with that -

**Crude oil falls by \$2.15 to once again drop below \$100 to close at US \$98.34 a barrel.**

**The TSX Composite Index drops by 197-points to once again fall below 12,000 to end the day at 11,952.**

**The Dow Industrials follow suit by dropping by 199-points of once again fall below 12,000 to close at 11,998.**

**The closely watched CBOT Volatility Index or VIX rises by 1.92-opoints to once again cross above 30 to end the day at a more nervous level of 30.59.**

Bertie Charles Forbes - "Think not of yourself as the architect of your career but as the sculptor. Expect to have to do a lot of hard work hammering and chiseling and scraping and polishing."

### **Friday, December 9<sup>th</sup>, Short Strokes –**

Yesterday's more lack of confidence in Europe induced triple digit market plunge leave the TSX with 30 new 52-week trading highs and 41 new lows. Some of the notable new highs were AutoCanada Inc. (ACQ-T) at 45.98, Faraco Int'l SA (FAR-T) at \$4.08, Imperial Metals (III-T) at \$13.55, Parkland Fuel Corp. (PKI-T) at \$12.84 and Starecore Int'l. mines (SAM-T) at \$0.27, while some of the notable new lows include Argosy Energy (GSY-T) at \$1.60, CanAlaska Uranium (CVV-T) at \$0.37, Hammond Power Solutions (HPS.A-T) at \$7.15, Klondex Mines (KDX-T) at \$2.14, Potash Corp. of Saskatchewan (POT-T) at \$41.94, Romarco Minerals (R-T) at \$0.87, Sulliden Gold Corp. (SUE-T) at \$1.34 and Vero Energy (VRO-T) at \$2.03.

Oakbrook Investments – “The pessimism is coming from the fact that the ECB didn't go any further on the possibility of buying debt. They....they aren't getting at the fundamental issue here, which is that some of these underlying countries are nearing insolvency.”

Technical analyst Ron Meisels – “The 21-day cycle is scheduled to end today...The DJI has failed to rise above 12,250 for a third time, and the S&P 500 and the TSX failed to go above 1,275 and 12,500 respectively. It will be imperative to see these indices go higher than the above levels once the 21-day cycle has matured, i.e. near the middle-end of next week for the current positive action to continue.”

The trading day begins with word that the European Union has pledged another \$270-billion to top up the International Monetary Fund (IMF).

China reports its inflation rate fell in October to a 14-month low of 4.4%.

The NFL's Green Bay Packers have issued another US \$62.5-million of shares for its cheese head fans to buy at a mere....US \$250-a-share.

Saudi Arabia reports it is pumping oil at a 30-year high rate of 10.047-million barrels per day.

The center of the known universe rejoices as BCE Inc. (BCE-T) and Rogers Communications (RCI.A-T) pool their efforts to buy 75% of Maple Leaf Sports and Entertainment (MLSE), the parent owner of the Toronto Maple Leafs hockey club, for a cool....\$1.3-billion.

Failed securities firm, MF Global's former CEO John Corzine tells a congressional panel – “I simply do not know where the money (US \$1.2-billion) is, or why the accounts have not been reconciled to this date.”

**The TSX regains 83-points to once again cross above 12,000 to end the day at 12,035.**

**The Dow Industrials rebound up by 187-points to once again rise above 12,000 to close at 12,184.**

**The VIX falls by 3.93-points to once again drop below 30 to end the week at a little calmer level of 26.66.**

Canaccord's Debbie Lewis - "The easiest way to teach children the value of money...is to borrow some from them."

### **For the Week so far-**

The DJIA gained 165-points to 12,184, the S&P 500 gained 11-points to 1,255, the TSX lost 40-points to 12,035, the NASDAQ gained 20-points to 2,647, and the JVX lost 10-points to 1,547.

Gold lost \$33.80 to \$1,716.90, Silver lost \$0.43 to \$32.27, Crude Oil lost \$1.51 to \$99.50, Natural Gas lost \$0.26 to \$3.33 and Copper lost \$0.01 to \$3.58.

The CRB Commodities Index followed base metals, precious metals, crude oil, natural gas and soft commodities lower to lose 7.12-points to end the week at 306.43.

The Canadian dollar gained 0.03-cents against its American counterpart to close the week at US \$0.9817 and the Euro lost 0.34-cents against the greenback to end the week at US \$1.3369.

### **And Finally**

Be prepared to expand your spending budget this Christmas, as according to PNC Wealth Management, the drummers, pipers, lords, ladies, maids, swans, geese, gold rings, calling birds, French hens, turtle doves, and partridges that make up the gifts for the Twelve Days of Christmas rose in value by 4.4% in the past year to a total cost of \$101,119.

Interesting times.....and thanks.

**Rod Blake, ASCT**  
*Investment Advisor*  
[rod.blake@canaccord.com](mailto:rod.blake@canaccord.com)  
T: 604.643.7567

**Jason Tomkinson, BA (Econ)**  
*Investment Advisor*  
[jason.tomkinson@canaccord.com](mailto:jason.tomkinson@canaccord.com)  
T: 604.661.7845

**Meghan Flather**  
*Administrative Assistant*  
[meghan.flather@canaccord.com](mailto:meghan.flather@canaccord.com)  
T: 604.643.7333

**Evan Davies**  
*Administrative Assistant*  
[evan.davies@canaccord.com](mailto:evan.davies@canaccord.com)  
T: 604.643.7065

**Looking for investment or trading ideas? Give us a call, we can help. Toll free 1-800-663-1899.**

To view previous editions of “The Week”, “Articles of Interest” or to learn more about The Blake Tomkinson Group please visit our website at [www.rodneyblake.com](http://www.rodneyblake.com).

**Our mission is to maximize the value of your portfolio through a dedication to investigation, research and innovative ideas, and to enhance your investment experience by providing the highest level of attention to detail and service available in the financial community.**

Sources: Bloomberg, Thomson Reuters, MarketWatch, Globe & Mail, Wall Street Journal, Dow Jones, Financial Times, National Post, Briefing.com, Credit Suisse, and StreetAccount.

Disclaimer: This publication is a general market commentary and for informational purposes only, it does not constitute a research report and does not contain investment advice. This commentary has been prepared using sources believed to be accurate and true. This material is not complete information respecting any security and therefore is not a sufficient basis on which to base an investment decision. The information contained in this commentary is drawn from sources believed to be reliable, but the accuracy and completeness of the information is not guaranteed, nor in providing it does Rod Blake, Jason Tomkinson, Canaccord Genuity Corp. or its subsidiaries, or affiliated companies, assume any liability. This information is current as of the date appearing in this commentary, and neither Canaccord Genuity Corp. nor Rod Blake nor Jason Tomkinson assume any obligation to update the information or advise on further developments relating to these securities. This commentary is intended for distribution in those jurisdictions where Canaccord Genuity Corp. Rod Blake and Jason Tomkinson are registered as advisors or dealers in securities. Any distribution or dissemination of this commentary in any other jurisdiction is strictly prohibited. The information does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. Canaccord Genuity Corp. and holdings of its respective directors, officers and employees and their associations, from time to time may buy or sell any securities mentioned herein. This message is intended only for the use of the individual or entity to which it is addressed and may contain information which is privileged, confidential or subject to copyright. Internet communications cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, arrive late or contain viruses. Canaccord Wealth Management is a division of Canaccord Genuity Corp., a Member of the Canadian Investor Protection Fund.