



The Week of November 19<sup>th</sup> to November 25<sup>th</sup>, 2011  
“A Brief Look Back Into Tomorrow”

## Good Afternoon

Following a week where the major North American markets ran their weekly string of losses to three on what has become a predictable pattern of backing into the weekend as investors liquidate positions as the European leaders and America's Super Committee continue their impasse over the hard decisions of their debt issues, the weekend media reported that -

As the spinning their wheels brokers and traders closed their terminals last Friday, November 18<sup>th</sup>, they felt that another week had been lost in that in spite of some surprisingly encouraging domestic economic news, the Dow Jones Industrial Average had still lost another 2.95%, with the S&P 500 Index following suit by dropping 3.80% and the NASDAQ Exchange giving back 3.85%. North of the border, Falling resource prices helped to pull down the TSX Composite Index by 3.14% while the oversold TSX Venture Exchange limited its weekly loss to 2.01%.

Four of the reduced 10 new 52-week TSX reading highs established last Friday, November 18<sup>th</sup> were Enbridge Inc. (ENB-T) at \$36.89, Gibson Energy (GEI-T) at \$19.85, Hathor Exploration (HAT-T) at \$5.08 and Peyto Exploration & Development (PEY-T) at \$23.94, while some of the increased 50 new 52-week trading lows include Ainsworth Lumber (ANS-T) at \$1.20, Airboss of America (BOS-T) at \$4.75, BNK Petroleum (BKX-T) at \$1.72, Churchill Corporation (CUQ-T) at \$11.36, Cott Corp. (BCB-T) at \$6.23, Claymore Natural Gas Commodity ETF (GAS-T) at \$20.24, International Minerals (IMZ-T) at \$6.25, Kinross Gold (K-T) at 13.14, Norbord Inc. (NBD-T) at \$7.35, Pan American Silver (PAA-T) at \$24.49, Polar Star Mining (PSR-T) at \$0.32, Royal Bank of Canada (RY-T) at \$43.30, Silver Standard Res. (SSO-T) at \$13.98 and Waldron Energy Corp. (WDN-T) at \$1.16.

The Daily Telegraph reports that some members of the bipartisan congressional Super Committee have admitted they have reached an impasse in finding The US \$1.2-trillion in spending cuts required to be passed by this Wednesday, November, 23<sup>rd</sup>.

Aurion Capital Management - “We are caught in this purgatory; the market doesn't know what it wants to do. The fears of Europe have compressed valuations on every stock out there.”

German Chancellor Angela Merkel - “Our task is to implement what we have decided on. There are a few technical details that need to be worked out and every

day counts for us finally to put this on track. When you have lost confidence and the eurozone has lost confidence, then this has to be regained step by step.

British Prime Minister David Cameron - "A long-term solution to this problem ought to involve proper rules for fiscal discipline in European countries so that we can't create this mess again."

Security Global Investors - "Better economic growth in the U.S. will provide support for the market and potentially set the stage for a nice rally if and when Europe does stabilize."

Lumber prices bucked the downward resource trend last week as lower inventories due to a 10.9% increase in U.S. apartment building permits for the month of October led the price of construction lumber higher by \$22 to US \$240-a-thousand board feet.

Madison's Lumber Reporter - "We're pretty confident that we are in the turn now towards stronger lumber prices and sales in 2012. There are still going to be some bumpy times ahead, but barring some disaster like a country in Europe going bankrupt, we have passed the worst."

The shares' of Dolby Laboratories (DLB-N) rise by \$3.01 or 10.87% to \$30.70 when the pharma company not only reported better than expected 4<sup>th</sup> quarter financials but better still, raised their expectations for fiscal 2012.

Sterling Resources (SLG-V) shares' rose by \$0.15 or 8.33% to \$1.95 last Friday on word the Romanian National Agency of Mineral Resources (NAMR) had approved the equity assignments of the equity partners for the Midia and Pelican petroleum blocks off shore in the Black Sea.

Mark Cuban - "If you are not a customer of your own business, you are fooling yourself if you think you fully understand that customer's needs."

#### **And then on Monday, November 21<sup>st</sup>-**

Market professionals lower most of their bids to start the new week as the consensus is for more follow through to last week's politically induced market negativism.

The U.S. National Association of Realtors reports their existing home sales rose in October by a better than expected 1.4% to a seasonally adjusted annualized 4.97-million units.

Reuters reports that many retailers are equipping their employees with smartphones this holiday season to combat customers who come in to their stores with bar code prices from their competitors.

eBay CEO John Donahoe - "Retailers are waking up to the fact that shopping is changing very rapidly. Some wish it weren't true; they would like to ban smartphones in their stores. But others are embracing it. They have got to get where consumers are making their decisions."

Prime Restaurants (EAT-T) rise by \$0.72 or 10.39% to \$7.65 when Fairfax Financial Holdings (FFH-T) tops a bid by Cara Operations and offers a superior \$71-million bid of their own.

The shareholders' of NiMin energy (NNN-T) are pleased to see their investment rise by \$0.09 or 15.00% to \$0.69 when the oil & gas explorer announced that it was investigating ways to increase shareholder value including...putting itself up for sale.

Similarly, the shareholders' of Pharmasset (VRUS-Q) are ecstatic to see their investment surge up by \$61.46 or 84.57% to US \$134.13 when the hepatitis C pharma company agrees to a US \$11-billion takeover from Gilead Sciences (GILD-Q).

The trading day ends with the knowledge that the U.S. Congressional Budget Super Committee, that had not met since November 1<sup>st</sup>, had failed to come to any consensus of the much needed US \$1.2-trillion in budget cuts.

**Gold Bullion falls by \$46.50 to drop below \$1,700 and close at US \$1,678.60 an ounce.**

**The S&P 500 index drops by 23-points to once again fall below 1,200 and end the day at 1,193.**

Jim Larrinaga - "I always tell the kids - You know what's great about going the extra mile? There's very little traffic."

**Tuesday, November 22<sup>nd</sup> -**

Monday's U.S. Super Committee induced triple digit market plunge leaves Canaccord's Morning Coffee to report a reduced 11 new 52-week trading highs and a greatly increased 92 new 52-week trading lows. Three of the notable new highs were Prime Restaurants (EAT-T) at \$7.65 and Horizons Income Plus ETF (HAP.A-T) at \$9.30, while some of the many new lows of note include Air Canada (AC.A-T) at \$1.11, Bengal Energy (BNG-T) at \$0.85, Candente Gold (CDG-T) at \$0.12, Canfor Pulp Products (CFX-T) at \$10.26, GMP Capital (GMP-T) at \$6.05, Heritage Oil (HOC-T) at \$2.86, Keegan Resources (KGN-T) at \$4.45, Manulife Financial (MFC-T) at \$10.79, Osisko Mining (OSK-T) at \$10.62, Patheon Inc. (PTI-T) at \$1.27, RONA Inc. (RON-T) at \$9.11, Tekmira Pharmaceuticals (TKM-T) at \$1.51 and Wall Financial (WFC-T) at \$11.50.

Caldwell Investment Management - "The markets are suffering from uncertainty fatigue. The markets would very much like to move on away from the machinations of politicians. We invest in companies, not politicians. The businesses themselves are doing quite well, but the political backdrop is completely chaotic."

Wedbush Morgan - "We're seeing signs of worsening in Europe and the U.S. There is no viable resolution to this"

Warren Buffett - "There is a major flaw in the euro system...I do know the system as presently designed has a major flaw and that flaw won't be corrected just by words."

BMO Financial Group - "As the European debt crisis continues and the U.S. congressional super committee fails to come to a compromise agreement, it becomes manifestly obvious that Canada is in an enviable position, having dealt with its fiscal excesses in the 1990s."

Statistics Canada reports the country's retail sales rose in September by a better than expected 1% to \$38.2-billion.

China's HSBC Purchasing Managers Index or PMI falls by 3-points for November to drop below the contraction level of 50 to a 2<sup>3</sup>/<sub>4</sub>-year low of 48.

The U.S. Federal Open Market Committee releases the minutes from its November meeting to reveal that the Fed would produce additional policy accommodation if needed.

While similarly, Canada's Interim Auditor General, John Wiersema, reports that virtually all of the federal government's \$7-billion of post recession stimulus money has been invested in some 6,000 infrastructure projects.

The shares' of Brocade (BRCD-Q) advance by \$0.59 or 13.17% to US \$5.07 when the tablet and smartphone data storage company reports better than expected 4thquarter financials.

Kinross Gold (K-T) shares bounce off of a very hard bottom by rising \$0.73 or 5.67% to \$13.60 on word that the Government of Equator was close to finally allowing further exploration on the company's world-class Fruta Del Norte gold project.

Campbell Soup (CPB-N) shares' slide by \$1.73 or 5.15% to US \$31.88 when the 'Mmmm Mmmm Good' company's 1<sup>st</sup> quarter financials fail to meet the streets' expectations.

And the shares' of once high flying Netflix (NFLX-Q) fall by another \$4.08 or 5.48% to US \$70.39 when the internet movie company reports it raise an additional US

\$400 to shore up its cash position.

Don Keough - "Look at any well-oiled bureaucracy. Innovation is never permitted to get in the way of the preservation of the organization. Such bureaucracies have something in common; most of them are consistent losers or soon will be."

**Wednesday, November 23<sup>rd</sup> -**

Yesterday's mixed day of trading leaves the TSX Composite Index to report a disappointing 9 new 52-week trading highs and a reduced 46 new lows. Five of the new highs of interest include COGECO Inc. (CGO-T) at \$51.14, Distinction Group (GD-T) at \$4.45, Gibson Energy (GEI-T) at \$20.44, Horizons Preferred Shares ETF (HPR-T) at \$10.40 and Magnott Winery (MGN-T) at \$2.88, while a mix of the interesting new lows includes Centamin Egypt (CEE-T) at \$1.29, Gluskin Sheff & Associates (GS-T) at \$14.50, Minco Silver (MSV-T) at \$1.51, Orvana Minerals (ORV-T) at \$1.16, Poseidon Concepts (PSN-T) at \$1.23, Research In motion (RIM-T) at \$17.38, Sun Life Financial (SLF-T) at \$19.01, Stornaway Diamond (SWY-T) at \$0.97, Thomson Reuters (TRI-T) at \$27.53, Western Copper and Gold (WRN-T) at \$1.82 and WestJet Airlines (WJA-T) at \$11.41.

BMO Capital Markets - "The minutes of the November Federal Open Market Committee meeting suggest the Fed remains biased to do more., if necessary, to support the economy."

TD Economics - "FOMC members acknowledged an improvement in economic activity during the 3<sup>rd</sup> quarter, and signaled final demand from consumers and businesses was stronger than what they had expected at the time of the September meeting."

Economist David Rosenberg - "This remains a fragile, post-bubble economy. Consumers are still in the process of de-leveraging from high levels of debt. Over the past 2-years, corporate earnings have received a boost from rapid overseas growth and shrinking labour costs, but those tailwinds are starting to ease off.... The true test of this rebound will occur in the new year."

Notley's Notes - "The current long term cyclic bear has produced one intermediate downleg and part of its recovery correction...One short term uptrend and most of its correction has unfolded so far in the life of the still-developing intermediate advance....A new, second, short term advance is pending...Gold miners are in a new short term top / downtrend which will delay the intermediate recovery for that sector into early December on."

Standard & Poor's raises the outlook for Iceland's debt from negative to stable with a BBB- rating, stating - "The stable outlook balances our view of Iceland's improved fundamentals with downside risks associated with capital controls being lifted in the next few years."

The shares' of Deere & Co. (DE-N) rise by \$3.23 or 4.49% to US \$75.15 when the 'Nothing Runs like a Deere' farm and heavy equipment manufacturer reported a 46% increase in 4<sup>th</sup> quarter earnings.

Manitoba Telecom Services (MBT-T) shares' climb by \$1.84 or 6.48% to \$30.23 on word that the federal government may open up some of the country's telecoms to more foreign ownership.

Nexen (NXY-T) report they have been shut out of the Block 14 (Masila) oil play as the Government of Yemen has decided to form a national operating company and keep the whole play to themselves.

The markets head for new lows on word that that Germany was only able to sell €3.644-billion of a €6-billion auction of 10-year bonds.

**The NASDAQ Exchange falls by 61-points to once again drop below 2,500 and end the day at 2,460.**

Lou Holtz - "Show me someone who has done something worthwhile, and I'll show you someone who has overcome adversity."

#### **Thursday, November 24<sup>th</sup> - Happy U.S. Thanksgiving**

Wednesday's 'now even the Germans can't sell their bonds' induced triple digit market loss leaves the TSX to report 12 new 52-week trading lows to go along with an increased 117 new lows. Two of the highs of note were AltaGas Ltd. (ALA-T) at \$30.40 and Madison Pacific Properties (MPC-T) at \$3.60, while a few of the new lows of note includes Atrium Innovations (ATB-T) at \$11.79, Cameco Corp. (CCO-T) at \$17.57, Cash Store Financial services (CSF-T) at \$7.02, Corus Entertainment (CJR.B-T) at \$18.22, Coxe Global Agribusiness IF (CAG.UN-T) at \$9.00, easyhome (EH-T) at \$5.71, Exeter Resource Corp. (XRC-T) at \$3.06, Gildan Activewear (GIL-T) at \$23.74, HAP Gartman ETF (HAG-T) at \$7.68, National Bank of Canada (NA-T) at \$64.15, NuVista Energy (NVA-T) at \$4.38, Pacific Rubiales Energy (PRE-T) at \$19.51, Shore Gold Inc (SGF-T) and Silver Standard Res. (SSO-T) at \$13.56.

Northland Wealth Management - "The global macro picture is really taking control of the market and the feelings of many investors. When we look at the weak bond auction out of Germany, it's getting a lot of people nervous."

BMO Nesbit Burns - "If Germany can't sell bonds, what is the rest of Europe going to do?"

Associated Press reports that a post recession high 42.5-million Americans are expected to travel this Thanksgiving weekend, even though U.S. airfares are 20% higher this Thanksgiving than those of the same period just one year ago.

With the American markets closed for Thanksgiving, the Canadian markets are forced to go it alone with a very quiet and timid day of trading.

Statistics Canada reports the nation's farmers earned 11% more in the first 9-months of 2011 than they did in the same period just one year ago.

As Cuba continues to catch up with the rest of the western world, Agence France-Presse reports the Caribbean nation has authorized its banks to loan money to small businesses, private farmers and individuals who want to repair or build homes.

Armistice Resources (AZ-T) shares' gain \$0.07 or 41.94% to \$0.22 when the company announces they will soon begin gold production at their McGarry mine in the Kirkland Lake area of Northeastern Ontario.

The shares' of Alter NRG (NRG-T) rise by \$0.15 or 20.00% to \$0.90 on word the company will engineer, facilitate and construct the Tree Valley Renewable Energy Facility in northeast England.

German Chancellor or Angela Merkel reiterates her country's refusal to consider issuing Eurobonds as a way of solving the region's debt crisis.

Meanwhile, credit rating agency Fitch, sites fiscal imbalances, high debt levels and austerity program concerns as it downgrades Portugal's credit rating to junk.

Rathbone Brothers – "Banks are not investable in the eruozone at the moment. Clearly there are people trading the bank shares, but there is no clarity on the quality of the balance sheets."

Stephen Covey -"We all live three lives: public, private and secret. In our public lives, we are seen and heard by colleagues, associates, and others within our circle of influence. In our private lives, we interact more intimately with spouses, family members, and close friends. The secret life is where your heart is, where your real motives are the ultimate desires of your life."

### **Friday, November 25<sup>th</sup>, Short Strokes –**

Yesterday's 'now the German's are being stubborn on Eurobonds' quiet day of negative trading leaves the TSX with only three new 52-week trading highs and 82 new lows. Two to the notable new highs were HBP S&P/TSX Financials Bear+ ETF (HFD-T) at \$9.62 and BMO Long Federal Bond Index (ZFL-T) at \$17.57, while a number of the notable new lows include AbitibiBowater (ABH-T) at \$14.59, Bank of Nova Scotia (BNS-T) at \$48.05, Canaccord Financial (CF-T) at \$8.21, EnCana Corp. (ECA-T) at \$18.67, FP Newspapers (FP-T) at \$4.02, Goodfellow Inc. (GDL-T) at \$7.82, Power financial Corp. (PWF-T) at \$23.68, Supior Plus (SPB-T) at \$5.73, Thomson Reuters (TRI-T) at \$26.60 and Vicwest Inc. (VIC-T) at \$7.77.

RBC Dominion Securities – “Market sentiment is again under strain and the global macro outlook is increasingly murky, in large part owing to heightened concerns regarding the ongoing deterioration in the eurozone sovereign and financial sectors.”

Another day and another downgrade as Moody’s downgrades Hungary’s sovereign debt status to junk, while Stand & Poor’s cuts Belgium’s from AA+ to AA with a negative outlook.

The U.S. Fire Administration estimates that Thanksgiving cooking, especially turkey fryers, cause about 2,000 residential fires.

Under the heading of ‘Back In Black’ - BMO Nesbitt Burns reports that 33% of Americans say they will be shopping this Black Friday, while Deloitte estimates that 152-million Americans will shop over the 4-day Thanksgiving long weekend.

Similarly, a Royal Bank of Canada survey finds that the average Canadian’ Christmas spending will rise by \$16 this year to \$640.

BMO Nesbitt Burns - “There’s a disconnect between spending and confidence. It’s a good thing that consumers are not spending the way they feel, or we’d be back in recession.”

A TD Canada Trust survey finds that singles now make up 45% of first time home buyers.

Meanwhile, a Forum Research study finds that one-in-10 parents anticipate postponing their retirement to accommodate their live-in children.

Research in Motion’s (RIM-T) Playbooks are being sold at up to 60% discounts in some major electronic stores.

Canaccords Debbie Lewis - “There’s no worse feeling than that millisecond you’re sure you are going to die after leaning your chair back a little too far.”

### **For the Week-**

The DJIA lost 564-points to 11,232, the S&P 500 lost 57-points to 1,159, the TSX lost 430-points to 11,462, the NASDAQ lost 132-points to 2,441 and the JVX lost 103-points to 1,505.

Gold lost \$36.20 to \$1,688.50, Silver lost \$1.18 to \$31.09, Crude Oil lost \$1.07 to \$96.77, Natural Gas gained \$0.17 to \$3.67 and Copper lost \$0.14 to \$3.28.

The CRB Commodities Index followed crude oil, precious and base metals and soft commodities lower to lose 6.76-points to end the week at 305.45.

The Canadian dollar lost 2.05-cents against its American counterpart to close the week at US \$0.9529 and the Euro lost 2.79-cents against the greenback to end the week at US \$1.3232.

**And finally -**

With figures that find that nice guys, in fact, finish last, a study by the Journal of Personality and Social Psychology finds that men who are rude and aggressive get paid, on average, 18% more a year than their co-workers who tend to be agreeable and polite. The same study also found that women of the same demeanor tend to earn about 5% more annually than their more demure colleagues.

Interesting times, and.....thanks

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