



The Week of October 15<sup>th</sup> to October 21<sup>st</sup>, 2011  
“A Brief look Back Into Tomorrow”

## Good Afternoon

Following an unusually optimistic week that saw the major North American markets finish the trading week on a strong rally as opposed the recent string of weeks that saw them back nervously into the weekend, as investors finally felt that perhaps the world's leaders were getting a handle on the European debt issues, as resource prices rebounded upward and consumers resumed shopping, especially those who marked the passing of one of the world's greatest innovators by lining up for hours to purchase his last version of the iPhone 4S(teve), the weekend media reported that -

As the senses sharpened brokers and traders closed down there terminals last Friday, October 14<sup>th</sup>, they were extremely relieved with the surprising strength of the last 5-days' rally in that for the 41<sup>st</sup> week of the year, the Dow Jones Industrial Average had returned a weekly gain of 4.88%, with the S&P 500 index up on the week by 5.98% and the NASDAQ Exchange ahead by an impressive 7.60%. To the 'perhaps the world will still need our resources north, the TSX Composite Index returned a weekly gain of 4.26% while the very oversold TSX Venture Exchange rose on week by 5.77%.

Five of the 12 notable new TSX 52-week trading highs established last Friday were Alimentation Couche-Tart (ATD.B-T) at \$31.16, COGECO Inc. (CGO-T) at \$45.08, Open Range Energy (ONR-T) at \$10.49, Providence Energy (PVE-T) at \$9.13 and Trilogy Energy (TET-T) at \$33.27, four of the 17 new 52-week trading lows include Aastra Technologies (AAH-T) at \$13.50, Cash Store Financial Services (CSF-T) at \$7.50, Ritchie Bros Auctioneers (RBA-T) at \$18.32 and SMART Technologies (SMA-T) at \$3.81.

Calvert Investment Management - “There are these positive catalysts that may be in place - earnings being one and a more formalized policy action out of Europe.”

U.S. Treasury Secretary Timothy Geithner - “The International monetary fund (IMF) have very substantial resources that are uncommitted.”

Much of last Friday's late in the week market rally came after the U.S. Commerce department reported that **American retail sales rose by a much better than expected 1.1% in September to a 3-year high of US \$47.6-Billion.**

National Bank - "Despite the doom and gloom portrayed in consumer confidence surveys, U.S. households are acting like politicians: they say something but actually do something else."

BMO Capital Markets - "Recessionists took it on the chin in the past week. First, markets sense that European policy-makers will manage to take the worst case scenario off the table, by finally approving the expanded European Financial Stability Facility (EFSF). Second, the U.S. economy continues to show flashes of firming, including some modest job growth and some impressive spending gains despite the recent market trauma."

Barclays Capital - "There is a large supply deficit in the global oil market, with demand having significantly exceeded supply in the 3<sup>rd</sup> quarter."

Goldman Sachs - "Speculators raised their net long position in U.S. crude oil and options positions in the past week."

With figures that show that the future may indeed be brighter, a Bank of Montréal survey finds that 51% of Canadian business owners are expecting 2012 to be a better year than 2011.

The shareholders' of PMI Gold (PMV-V) got a pleasant surprise last Friday when their investment soared by \$0.46 or 79.31% to \$1.04 when the mineral developer reported it had more than tripled the resource at its Obotan gold project in Ghana.

And with a strange bit of logic, Occupy Wall Street protestors gather at financial centres throughout the world, texting and tweeting each other about the need stop the expansion of large corporations such as Apple Inc. (AAPL-Q) and innovators such as Steve Jobs from developing the very products they have become so accustomed to using.

Douglas Casey - "Foreign aid might be defined as a transfer of money from poor people in rich countries to rich people in poor countries."

### **And then on Monday, October 17<sup>th</sup> -**

The North American markets open with the anticipation that last week's across the board market gains could be carried on after a two day weekend pause.

Technical analysts Don & Jon Vialoux - "The consumer discretionary sector is approaching a period of seasonal strength...Trends based on economic news released late last week suggest North American consumers are preparing to spend more money on discretionary goods this Christmas."

Canaccord's Junior Mining Weekly - "Weakness driving copper lower has been driven on speculation that demand would decline in a slowdown in global

economies, particularly China....We do not expect commodity prices to fall to recessionary levels as still expect continued strong economic growth in China and much of the developing world....We believe the copper market will remain tight for the next few years, and we see the potential for very large deficits toward the middle of the decade.”

B.C. foresters report that Canadian lumber sales to China rose by \$63-million or 29% in September over the same month just one year ago to \$731-million.

The shares' of El Paso Corp. (EP-N) surge up by \$4.46 or 24.81% to US \$24.45 when the company agrees to a \$21.1-billion cash and stock buyout by rival Kinder Morgan (KMI-N) in a deal that will form America's largest transporter of natural gas.

And north of the border, the shares' of Prime Restaurants (EAT-T) soar by \$1.97 or 40.62% to \$6.82 when the company receives a \$7.00-a-share cash and dividend takeover deal from privately held Cara Operations.

WesternZagros Resources (WZR-V) shares' rise by \$0.06 or 12.77% to \$0.53 on word that the Abu Dhabi National Energy Co. PJSC (TAQA) had taken down a significant \$46,620,000 position in the petroleum explorer.

Under the heading of 'Too Much Of A Good Thing' - The share price of LED lighting company Cree (CREE-Q) fall by \$3.13 or 10.49% to US \$26.61 with industry reports that there is a growing oversupply of the energy saving devices.

**The closely watched CBOT Volatility Index or VIX jumps up by 4.55-points to once again cross above 30 to close at a more nervous level of 32.79.**

Katherine Graham - "To love what you do and feel that it matters - how could anything be more fun."

**Tuesday, October 18<sup>th</sup> -**

Monday's full retreat triple digit market losses leaves Canaccord's Morning Coffee to report 11 new 52-week trading highs to go along with 18 new 52-week trading lows. Three of the new highs of interest include Alarmforce Industries (AF-T) at \$11.85, Cogeco Cable (CCA-T) at \$49.90 and Prime Restaurants (EAT-T) at \$6.82, while four of the new lows of note were Alterra Power (AXY-T) at \$0.45, Formation Metals (FCO-T) at \$0.51, Insignia Energy (ISN-T) at \$1.1, Polaris Minerals (PLS-T) at \$0.28 and Postmedia Network Canada (PNC.B-T) at \$0.38.

Canadian Finance Minister Jim Flaherty - "What started as a sovereign debt crisis in smaller countries in Europe in the spring of 2010 has now spread to larger European countries, causing extreme stress in the European financial sector and threatening global growth...Sadly, time is running out and the message still needs to be repeated."

Notley's Notes - "The current short term uptrend is 7-days old and is still developing. Momentum leads the trend of price and is still rising. This is the first of two short term advances that will likely constitute the structure of the intermediate rebound."

The Canadian Real Estate Association reports that the average price of a Canadian home rose by 6.5% in September from the same month one year ago to \$352,581.

The U.S. Federal reserve reports their factory, mines and utilities output rose by another 0.2% in September.

China reports its economy (GDP) eased by 0.4% in the 3<sup>rd</sup> quarter to an annualized rate of 9.1%.

The shareholders' of Palko Environmental (PLK-T) are pleased to see their investment surge up by \$1.63 or 105.16% to \$3.18 when their company receives a \$62.7-million cash or share takeover offer from Gibson Energy (GEI-T).

Roxgold (ROG-V) shares' gain \$0.20 or 16.13% to \$1.44 as the market anticipates more encouraging mineral assays from its Yaramoko gold permit in Burkina Faso, West Africa.

The shares' of Crocs (CROX-Q) plunge by \$10.49 or 39.38% to UDS \$16.15 when the colourful shoemaker lowers its global sales outlook for the first time in 3-years.

After almost one year to re-engineer its project, Taseko Mines (TKO-T) has reintroduced a revised proposal to proceed with its giant Prosperity gold/copper mine near Williams Lake in central British Columbia.

Bertie Charles Forbes - "To make headway, improve your head. "

### **Wednesday, October 19<sup>th</sup> -**

Yesterday's one day up, one day down triple digit market loss leaves the TSX to report a reduced 8 new 52-week trading highs and an increased 23 new lows. Three of the interesting new highs were Enbridge Inc. (ENB-T) at \$35.00, Lundin Petroleum AB (LUP-T) at \$22.00 and Palko Environmental (PLK-T) at \$3.18, while five of the new lows of interest include Ace Aviation Holdings (ACE.A-T) at \$10.07, Ainsworth Lumber Co. (ANS-T) at \$1.43, First National Financial (FN-T) at \$13.77, Maple Leaf Foods (MFI-T) at \$10.51 and Taiga Building Products (TBL-T) at 0.58.

CMC Markets- "There is a lot of uncertainty out there relating to this weekend's big EU meeting on the debt issue, and the initial oversight reaction to the Chinese GDP data suggests that many continue to look for an excuse to go defensive at the moment. At the same time, however, Tuesday's trading shows that markets can

overreact to data.”

JP Morgan Funds - “It’s time to get less bearish. Investors ought to be able to look forward recognize that the economy does muddle through. There’s a better underlying story for banks and also there’s housing. There’s a realization that at some stage this thing is going to turn.”

The U.S Federal Reserve (FED) reports their country’s annual inflation rate rose by another 0.1% in September to 3.9%.

The U.S. Commerce Department reports their new housing starts rose by a much better than expected 15% in September to 658,000 units.

Canadian Natural Resources Minister, Joe Oliver meets with his counterparts in the European Union in an effort to convince them to rethink their proposed Fuel Quality Directive that would rate Canada’s oil sands as so called ‘Dirty Oil’.

Under the heading of ‘Upping The Ante’ - Hathor Explorations (HAT-T) shares’ are halted at the opening so that investors could digest the news that the Saskatchewan uranium developer had a competing \$518-million or \$4.15-a-share all-cash takeover bid from mining giant Rio Tinto (RIO-N).

Apple Inc. (AAPL-Q) shares’ drop by \$23.48 or 5.56% to fall below \$400 and close at US \$398.62 when the i-company’s US \$6.62-billion 3<sup>rd</sup> quarter profit fell below analysts’ expectations for the first time since 2004.

The shares’ of Agnico-Eagle Mines (AEM-T) fall by \$11.59 or 19.99% to \$46.38 when the Quebec based gold miner announces it will close its Goldex gold mine in Quebec due to unstable rock conditions. The Goldex mine traditionally produced about 15% if Agnico-Eagles total gold production.

**The TSX falls by 203-points to once again drop below 12,000 to and close at 11,850.**

Calvin Coolidge - “No person has ever been honored for what he received. Honor has been in reward for what he gave.”

**Thursday, October 20<sup>th</sup> -**

Wednesday’s oh no, the Europeans are squabbling again markets roseleaves the TSX with an increased 13 new 52-week trading highs to go along with and a greater 38 new lows. Three of the new highs of note were AltaGas (ALA-T) at \$28.88, Hathor Explorations (HAT-T) at \$4.47 and Provident Energy (PVE-T) at \$9.31, while four of the new lows of note were Agnico-Eagle (AEM-T) at \$46.38, Allied Gold (ALD-T) at \$2.40, Boralex (BLX-T0 at \$6.08, Nevsun Resources (NSU-T) at \$4.45,

Osisko Mining (OSK-T) at \$11.32, Rona Inc. (RON-T) at \$9.21 and Shore Gold (SGF-T) at \$0.44.

CMC Markets - "It doesn't take much to move markets these days. For most of the day, markets in North America were consolidating but turned sharply lower on reports of more talks between France and Germany. This has raised fears again that there could be problems in getting a debt deal done and that negotiations could drag on for months."

Desjardins Securities - "Europe rarely speaks with one voice, and is more akin to an 18-head hydra."

Baskin Financial Services - "The TSX is really living and dying with commodities sentiments and not taking its cues from world events."

Canaccord's Junior Mining Weekly - "Last month, Metals Economics Group (MEG) Corporate Exploration Strategies (CES) indicated that the 2011 non-ferrous exploration budgets would exceed US \$17-billion on expenditures related to precious and base metals, diamonds, uranium, and some industrial minerals. According to MEG, this represents an increase of about 50% from the 2010 total and a new all time high. Junior equity markets have bounced higher after a 9-month period of higher risk aversion. While we continue to expect mixed markets over the next year, news that capital continues to flow into the sector is positive. While higher metal prices are a positive catalyst for mining equities, new exploration discoveries that come with exploration capture strong speculative interest and have the potential to be the best catalyst for the sector."

The National Association of Realtors reports that U.S. existing home sales fell by 3% in September 4.91-million units.

Fitch Ratings reports that U.S. money market funds increased their holdings in Canadian banks by 12% in September to become 10.7% of their holdings.

Aastra Technologies (AAH-T) shares' gain \$1.14 or 8.50% to 14.49 when Nation Bank Financial issues a positive report on the company.

The Bank of Nova Scotia (BNS-T) reports it will spend \$500-million to purchase a 51% interest in Colombia's 5<sup>th</sup> largest bank, Banco Colpatria.

Microsoft Corp (MSFT-Q) reports its 3<sup>rd</sup> quarter sales rose by 7.3% to US \$17.4-billion, ahead of analyst expectations.

Union Pacific Corp. (UNP-N) also beats the street when it reports record 3<sup>rd</sup> quarter profit of US \$904-million.

Huey long - "Don't tax you and don't tax me - tax that fellow behind the tree."

**Friday, October 21<sup>st</sup>, Short Strokes –**

Yesterday's we're so confused mixed day of trading leaves the TSX with 12 new 52-week trading highs and an increased 58 new lows. Five of the notable new highs were Anvil Mining (AVM-T) at \$ 7.81, Clairvest Group (CVG-T) at \$17.06, Great Canadian Gaming (GC-T) at \$8.49, TELUS (T-T) at 455.20 and Trilogy Energy (TET-T) at \$33.61, while six of the notable new lows include Altus Group (AIF-T) at \$3.16, Big Rock Brewery (BR-T) at \$11.11, Globex Mining (GMX-T) at \$1.53, Kinross gold (K-T) at \$13.42, Rock Energy (RE-T) at \$1.83 and Silver Standard Res. (SSO-T) at \$16.52.

Technical analysts Olaf Sztaba & Rom Meisels - "the recent market action has considerably improved the chance of an intermediate-term rally. The stock indices managed to move above their flattening 50-day moving averages, the first step toward a full-fledged rally. However, extreme caution must continue."

McDonald's (MCD-N) reports their third quarter sales rose by 5% to US 717-billion.

General Electric (GE-N) report their third quarter earnings rose by 11% to US 3.4-billion.

Statistics Canada reports the nation's inflation rate increased by 0.1% in September to an annualized 3.2% with the more closely watched 'core' inflation rate gaining 0.3% to 2.2%.

Hong Kong's century old Chinese Gold & Silver Exchange Society reports it will start trading gold bullion quoted in Chinese yuan.

Smartphone giant Research In Motion (RIM-T) proposes to appease its angry BlackBerry customers who lost their network connections last week by offering them \$100 in free RIM apps from the BlackBerry App World.

Under the heading of 'You Are What You Eat' - A NPD Group study reveals that because of Canada's now 11% Asian population, Canadians now eat less beef and potatoes and more pork, seafood and rice.

A Bank of Montreal survey finds that 61% of Canadians, with total disregard to the world's economic uncertainties, have some sort of travel plans this fall or winter.

Canaccord's Debbie Lewis - Remember: when Plan B fails, there are still 25 other letters."

### **For the Week-**

The DJIA gained 165-points to 11,809, the S&P 500 gained 13-points to 1,238, the TSX lost 133-points to 11,949, the NASDAQ lost 31-points to 2,637 and the JVX lost 25-points to 1,533.

Gold lost \$43.40 to \$1,638.90, Silver lost \$0.91 to \$31.29, Crude Oil gained \$0.09 to \$87.42, Natural Gas lost \$0.13 to \$3.96 and Copper lost \$0.18 to \$3.24.

The CRB Commodities Index, followed precious metals, base metals, and natural gas lower to lose 6.10-points to end the week at 311.08

The Canadian dollar gained 0.26-cents against its American counterpart to close the week at US \$0.9916 and the Euro gained 0.14-cents against the greenback to end the week at US \$1.3896.

### **And Finally -**

The Financial planning Standards Council finds that - “Those that have a comprehensive financial plan are significantly more optimistic about their personal well-being. They are twice as likely to feel prepared to manage through tough economic times and they feel they’re on track to reach their desired lifestyle in retirement.”

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