



The Week of October 29th to November 4th, 2011
“A Brief Look Back Into tomorrow”

Good Afternoon

Following a week that saw the North American markets surge ahead from oversold conditions with their best gains in months as investors went ‘all in’ on word that the European community had agreed to a €1-trillion bailout package for Greece, that also sent commodity prices higher, the weekend media reported that -

As the brokers and traders left their terminals last Friday, October 28th, they thought that perhaps the long anticipated bull market was finally here in that for the 43rd week of the year, the Dow Jones Industrial Average advanced for a fifth consecutive week with a gain of 3.38%, with the S&P 500 Index ahead on the week by 3.78% and the NASDAQ Exchange up by 3.78%. To the North, the commodity sensitive and lagging Canadian exchanges finally shared their American counterparts’ enthusiasm with the TSX Composite Index gaining 4.77% over the week while the suddenly adventurous TSX Venture Exchange outdid them all with a weekly gain of some 6.33%.

A few of the 16 new 52-week TSX trading highs established last Friday include AltaGas Ltd. (ALA-T) at \$30.13, Birchcliff Energy (BIR-T) at \$15.38, Canadian National Railway (CNR-T) at \$79.61, Empire Co. (EMP.A-T) at \$60.94, Intertape Polymer Group (ITP-T) at \$2.71, MOSAID Technologies (MSD-T) at \$46.10, Pembina Pipeline (PPL-T) at \$26.99, Shoppers Drug Mart (SC-T) at \$42.86 and Trilogy Energy (TET-T) at \$36.05, while six of the 15 new trading lows were Agnico-Eagle Mines (AEM-T) at \$42.04, Altus Group (AIF-T) at \$2.92, Boralex Inc. (BLX-T) at \$6.00, Formation Metals (FCO-T) at \$0.41, Polaris Minerals (PLS-T) at \$0.32 and Scope Energy (SKL-T) at \$7.00.

CMC Markets - “The balance of power between the bulls and bears which had been relatively even through the summer has shifted decisively in favour of the bulls and that the new trends that kicked off could persist for the next several weeks as focus turns from the European debt crisis to the health of the broader global economy.”

Citigroup Global Equities - “After a very tough spring and summer in equities, one has to be impressed by the October surprise. But the near shocking equity market rebound in October has left many investors confounded.”

Thomson Reuters reports that with 315 of the S&P 500 companies having reported their 3rd quarter results - **71% have posted earnings that are above analysts’ expectations.**

Brockhouse Cooper - "Before recessions, business profits tend to run above their trend levels. When recessions end, business profits are below-average levels. In a recovery, profits bounce back and revert to their long-term trend."

Some of last week's market gains were held in place last Friday when the University of Michigan's Index of U.S. Consumer Confidence rose unexpectedly by 1.5-points in September to finally cross above 60 to end the month at 60.9.

On the commodity side of things, Barrick Gold Corp. (ABX-T) helped to move resource stocks higher when the world's largest gold miner reported an industry record 3rd quarter profit of US \$1.37-billion on gold sales that averaged an industry high of US \$1,743-an-ounce.

Copper, the metal with a masters degree in economics, surged by \$0.40 or 14% last week to close at US \$3.71-a-pound.

Andean American Gold (AAG-V) shares' fell by \$0.13 or 33.78% to \$0.25 last Friday on word that the company had underestimated the cost of putting its flagship Invicta mine in Peru into production.

Conversely the shares' of CB Gold (CBJ-V) surge by \$0.48 or 35.82% to \$1.82 on word that Ross Beaty's Lumina Capital had taken a \$12.1-million position in the Colombia gold developer.

Newell Rubbermade (NWL-N) shares' rose by \$1.54 or 11.14% to US \$15.36 last Friday when the rubberized container company plans to simplify its structure and re-focus on the high-growth portion of its business.

Meanwhile, Whirlpool (WHR-N) shares' fell by \$8.67 or 14.34% to US \$51.80 when the appliance manufacturer's 3rd quarter financials disappointed the street and the company announced it will reduce its work force by about 105 or 5,000 workers in light of reduced demand for its products.

Under the heading of the 'Tortoise And The Hare' - Strategy Analytics reports that while Apple Inc. (AAPL-Q) was quickest out of the gate with its highly promoted iPhone, Samsung Electronics Inc. (SSU) has quietly but efficiently gone about its business and sold 27.8-million smartphones in the 3rd quarter, for a 23.8% market share, to overtake its American competitor as the world's largest vendor of smartphones.

Tyler International Research Inc. - "Poor service is the No. 1 reason that companies lose business."

And then on Monday, October 31st-

Under the heading of 'Trick or Treat' - Investors anxiously watch the start of the new trading week to see if the North American markets can build upon last week's impressive gains or if they will once again fall back into a world of negativism. According to the United Nations Population Fund - **The world's 7-billionth person is estimated to be born somewhere on the planet today.**

Statistics Canada reports their gross domestic product or GDP grew in August by a better than expected 0.3%.

What could have been a very good start to the trading week turns deeply negative when Greek Prime Minister George Papandreou shocks investors by stating his country will have to call a referendum to weigh the merits of the European Union's (EU) €1-trillion bailout package.

And then futures trader MF Global Holdings Ltd. sites some US 40-billion of European debt issues gone bad as it files for chapter 11 bankruptcy protection.

BMO Capital Markets - "MF Global is a little red flag warning, waving in the wind for anyone who has exposure to Europe."

Alix Resources (AIX-V) shares' surge up by \$0.07 or 53.85% to \$0.20 as the market anticipates more encouraging gold drill hole assays from its Golden Zone Breccia Pipe in the Valdez Creek mining district of south-central Alaska.

The shares' of Pacific Northern Gas (PNG-T) rise by \$6.17 or 20.23% to \$36.67 when the natural gas producer agrees to a \$230-million cash and assumed debt buy out from larger producer AltaGas Ltd. (ALA-T).

Similarly, the shareholders' of Grand Cache Coal (GCE-T) are pleased to see their investment jump up by \$4.00 or 68.14% to \$9.87 when the Alberta Coal producer receives a joint \$1-billion all cash buy out from China's Winsway Coking Coal Holdings and Japan's Marubeni Corp.

The share price of solar industry companies such as First Solar (FSLR-Q) and Suntech Power (STP-N) fall when the United Kingdom announces plans to cut in half the state subsidies it pays to the alternative energy companies.

The Dow Industrials plunge by 276-point to once again fall below 12,000 to close at 11,955.

Daisy Bates - "The person who never makes mistakes always take orders from one who does."

Tuesday, November 1st -

Monday's here we go again with that Greece thing triple digit market drop leaves

Canaccord's Morning Coffee to report 20 new 52-week TSX trading highs and 16 new 52-week trading lows. Four of the new highs of interest were Absolute Software (ABT-T) at \$5.10, Envoy Capital Group (ECG-T) at \$2.14, Open Range Energy (ONR-T) at \$11.52 and Pacific Northern Gas (PNG-T) at \$36.80, while four of the new lows of note include Chieftan Metals (CFB-T) at \$3.40, Great Basin Gold (GBG-T) at \$1.41, Logistec Corp. (LGT.A-T) at \$18.75 and SMART Technologies (SMA-T) at \$3.41.

Southwest Securities - "We started the day with more questions about the European Union. Serious questions were raised , and then MF Global came along. MF is involved in all kinds of markets, and the fallout from them going bankrupt is unknown."

Brown Brothers Harriman - "The fact that we gave the market gains back as quick as we did in 2-days was very concerning."

BMO Capital Markets - "Discipline is doing what you don't want to do when you don't want to do it. Now is discipline time for Greece, for Europe and for the markets.":

In spite of yesterday's market slump, the TSX Composite Index gained 5.4% in October while the S&P 500 index returned an impressive 10.85% over the month, **it's largest monthly gain is 20-years.**

Investors Group - "A number of economic statistics were actually turning positive, and the early earnings reported in October showed most companies were beating expectations."

Notley's Notes - "The cyclic up phase has been dominant since the recovery effort triggered and was set in motion by the short term uptrend originating in early October....The first short term movement of the intermediate rebound has ended in a climatic buying spree....A intermediate recovery rally is developing with utilities leading...expect this recovery to continue through into year end and with other sectors to progress."

DesRosiers Automotive Consultants reports that Canada's new auto sales rose by 2.1% in October.

Similarly, Auto Industry reports that U.S. new vehicle sales rose in October to an annualized 13-million units.

India reports that its exports for September rose by some 36.3% over the same month just one year ago to \$24.8-billion, while its imports also rose in the past year to \$34.6-billion.

The shares' of Baker-Hughes (BHI-N) decline by \$4.45 or 7.67% to US \$53.54 when

the energy company's 3rd quarter financial don't live up to the street's expectations.

Seabridge Gold (SEA-T) shares' climb by \$2.06 or 8.78% to \$25.52 when the mineral developer reports more encouraging drill hole gold assays from its Courageous lake property in Canada's Northwest Territories.

The share price of Dunkin' Brands (DNKN-Q) fall by \$2.19 or 7.52% to US \$26.92 on word that a number of influential investors we going to sell their stake in the American donut company.

The Canadian dollar falls by 1.68-cents to once again drop below US\$1.00 and end the day at US \$0.9830.

The closely watched CBOT Volatility Index takes a 5.58-point jump to once again cross above 35 to end the day at a much more nervous level of 35.54.

Langston Hughes - "Hold fast to dreams, for if dreams die, life is a broken winged bird that cannot fly."

Wednesday, November 2nd-

Yesterday's waiting on the Greeks day of market turmoil leaves the TSX with 16 new 52-week trading highs to go along with 22 new lows. Five of the new highs of note were COCECO Inc. (CGO-T) at \$45.99, Fairfax Financial Holdings (FFH-T) at \$426.96, Huntington REIT (HNT.UN-T) at \$7.70, Lachlan Star (LSA-T) at \$0.92 and Jean Coutu Group (PJC.A-T) at \$12.86, while seven of the notable new lows includes easyhome (EH-T) at \$6.10, Forbes and Manhattan Coal (FMC-T) at \$1.70, Kingsway Financial Services (KFS-T) at \$0.66, NiMin Energy (NNN-T) at \$0.77, Ritchie Bros Auctioneers (RBA-T) at \$18.22, Transition Therapeutics (TTH-T) at \$1.49 and Village Farms Int'l.(VFF-T) at \$1.07.

Canaccord's Junior Mining Weekly - "Last Wednesday, Argentina announced a decree requiring the mining, oil, gas and derivatives sector to repatriate 100% of their export revenues to Argentina. Reaction from the markets was predictably bad, but by the end of the week, it became apparent that the decree's immediate impact on the mining industry could be relatively minimal for now. Nonetheless, bruised investors were reminded that nationalist intervention in the Argentinean economy is not merely a thing of the past, and that widening economic imbalances in the country could give the newly re-elected president excuse to intervene in the economy again, to the further potential detriment of junior mining companies and investors."

French President Sarkozy - "Our Greek friends must decide if they want to continue the journey with us.

U.S. Federal Reserve (FED) Chairman Ben Bernanke tells his nation that the FED has adjusted their country's growth down by 0.4% next year to 2.5%, and well down

from the 3.3% -3.7% growth forecast at the beginning of this year.

Ben Bernanke - "While we still expect that economic activity and labour market conditions will improve gradually over time, the pace of progress is likely to be frustratingly slow."

Under the heading of 'It's Not Great, But It's Not Bad' - The U.S. ADP Employment figures show that American private sector employment improved in October by a better than expected 110,000 workers.

Industrial Alliance Insurance (IAG-T) shares' fall by \$3.52 or 10.90% to \$28.76 when the insurer reports weaker than expected 3rd quarter financials.

MasterCard (MA-N) shares' rise by \$23.36 or 6.99% to US \$357.66 when the credit card giant reports its 3rd quarter increased by 27% to....US \$ 1.8-billion.

Under the heading of 'No Respect' - Industry research firm Canalsys reports that the U.S. smartphone 3rd quarter market share of Research In Motion (RIM-T) has fallen by 60% over the past year to just 9% of the important American market.

Bertie Charles Forbes - "Turn resolutely to work, to recreation, or in any case to physical exercise till you are so tired you can't help going to sleep, and when you wake up you won't want to worry."

Thursday, November 3rd -

Wednesday's triple digit we're moving ahead with or without Greece triple digit market gains leaves the TSX to report 18 new 52-week trading highs to go along with 20 new lows. Five of the interesting new highs include Descartes Systems Group (DSG-T) at \$7.63, Ithaca Energy (IAE-T) at \$2.20, Inter Pipeline Fund (IPL.UN-T) at \$17.77, Keyera Corp. (KEY-T) at \$46.99, MI Developments (MIM-T) at \$32.86 and Split REIT Opportunity Trust (SOT.UN-T) at \$17.95, while six of the new lows of note were Alliance Grain Traders (AGT-T) at \$19.64, Cott Corp. (BCB-T) at \$6.50, EcoSynthetix Inc. (ECO-T) at \$6.50, Indigo Books & Music (IDG-T) at \$6.40, Molson Coors Canada (TPX.A-T) at \$39.90 and Wesdome Gold Mines (WDO-T) at \$1.81.

Marquest Asset Management - "The shock and awe from the Greek decision to do a referendum had its day in the sun, and now the market has digested that and is looking beyond it. We're in the final throes here of a resolution."

Solaris Asset Management - "U.S. Fed Chairman Ben Bernanke was clear that they were prepared to do more, that they have the tools to do more."

Security Global Investors - "People are focused in two comments - the U.S. economy has firmed and the Fed stands ready to take action."

Technical analyst Ron Meisels - "Given the current condition of the 21-day cycle, probabilities favour a continuation of the upleg for another 10 - 15 days to about mid-November and toward recent highs. The indices' ability to hold their 50 day moving averages and extend the rallies above the recent October 28th highs, would assure that the rally could extend into the 21-day cycle toward mid-December. Any failure to do so would show that the recent rally was only a 'flash-in-the-pan' (an old Goldrush expression), and not the start of anything major."

The U.S. Department of Labor reports that their initial unemployment claims fell by 9,000 last week to a seasonally adjusted 397,000 claims, while non-farm productivity increased by a better than expected 3.1%.

The European Central Bank lowers its key interest rate by 0.25% to 1.25%.

The trading day comes to a close on word that Greece is taking its highly contentious sovereign debt referendum vote off of the table.

Life isn't about waiting for the storm to pass. It's learning how to dance in the rain." - Anonymous

Friday, November 4th, Short Strokes –

Yesterday's 'Greece is coming onside' triple digit market rally leaves the TSX with an improved 35 new 52-week trading highs and 19 new 52-week lows. Five of the notable new highs were BCE Inc. (BCE-T) at \$39.92, Gendis Inc. (GDS-T) at \$2.95, Intact financial (IFC-T) at \$59.80 and Lundin Petroleum AB (LUP-T) at \$26.05, while Four of the notable new lows include Cardiome Pharma (COM-T) at \$3.07, Jewett-Cameron Trading Co. (JCT-T) at \$8.00, Research In Motion (RIM-T) at \$18.46 and Sierra Wireless (SW-T) at \$6.12.

North Star Investment Management – "There's just this extraordinary focus on Greece, the fast money in the market is interpreting the news out of Europe..and they're saying this is good, this is bad."

A 17th century Chinese coin has been found at a Western Copper and Gold Corp. (WRN-V) mineral exploration site some 300 kilometers northwest of Whitehorse in Canada's Yukon, suggesting that Chinese explorers may have been in Canada's north some 200-years before the famous Yukon Gold Rush.

Statistics Canada reports that the country unexpectedly lost 54,000 jobs in October and that the unemployment rate rose by 0.1% to 7.3%.

To the south, the U.D. department of labor reports their economy created 80,000 new jobs last month and their unemployment rate eased by 0.1% to 9.0%.

Charles Schwab – "I view the economy a little bit more positive than I hear the

average time I turn on CNBC.”

Abercrombie & Fitch (ANF-N) shares' tumble by \$14.75 or 19.93% to US \$59.26 when the American retailer warns of slower growth of its European operations.

The shares' of Alpha Natural Resource (ANR-N) rise by 43.18 or 13.29% to US \$27.11 when the U.S. based coal producer reports better than expected 3rd quarter financials.

Canwel Building Materials (CWX-T0 shares' fall by \$0.19 or 8.92% to \$1.94 when the company disappoints the street with its 3rd quarter financials and worse yet, announces a 30% cut to its dividend.

The shares' of Prodigy Gold (PDG-V) rise by \$0.10 or 15.65% to \$0.74 when the mineral explorer reports an updated NI 43-101 compliant mineral resource on its flagship Magino gold project in northern Ontario.

The Royal Canadian Mint announces it will soon market a gold bullion exchange traded fund (ETF) that will hold the fund's metal in the Mint's own vaults.

Under the heading of 'Risk - Reward' - Mexico's Energy Minister states her country is abandoning the construction of 10 nuclear power plants in favour of natural gas fired electricity plants.

Canalys reports that the worldwide 3rd quarter market for smartphones grew by 49% in the past year to 120.4-million units.

Russia's Federal Service on Military and Technical Co-operation reports that the overthrow of Libya's Moammar Gaddafi will cost the soviet nation some US \$4-billion ofnow wait for it.....arms sales.

The Conference Board of Canada reports that the number of Canadian oil refineries has fallen by 21 over the past 40-years to just 19 refineries today. Still, total production has only fallen by 330,000 barrels per day to 1.97-million barrels of oil per day.

CapGemini Group reports that women now make up 37% of North Americans with investable assets of that are greater than \$1-million.

The Official Gazette reports that for the first time in 50-years, Cubans will be able to buy and sell their own homes.

Canaccord's Debbie Lewis - "I wish more people would give me the silent treatment."

For the Week-

The DJIA lost 293-points to 11,938, the S&P 500 lost 32-points to 1,253, the TSX lost 112-points to 12,408, the NASDAQ lost 51-points to 2,686, and the JVX gained 20-points to 1,650.

Gold gained \$16.10 to \$1,759.30, Silver lost \$1.02 to \$34.10, Crude Oil gained \$0.97 to \$94.34, Natural Gas lost \$0.15 to \$3.90 and Copper lost \$0.15 to \$3.56.

The CRB Commodities Index, followed base metals, natural gas and soft commodities lower to lose 2.67-points to end the week at 320.44

The Canadian dollar lost 2.43-cents against its American counterpart to close the week at US \$0.9833 and the Euro lost 3.85-cents against the greenback to end the week at US \$1.3771.

And Finally -

For all the clatter about the sad state of the world's economies, a Credit Suisse 2011 Global wealth Report finds that, mainly due the rapid expansion of the world's emerging economies, **total global household wealth has doubled since 2000 to reach a record high of US \$231-trillion, or about US \$51,000 for every man, woman or child on the planet.**

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