



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

Good Afternoon

Following a mixed week of trading that saw the American major markets retreat on less than stellar employment figures for August, while the Canadian markets rose on the resulting rebound in the price of gold bullion, the weekend media reported that -

As the ‘thank Gawd for a long weekend’ **investment advisors / registered representatives** made their way to their favourite end of summer locations last Friday, September 2<sup>nd</sup>, they were knew that once again big picture economics had captured investors attention over corporate fundamentals in that for the 35<sup>th</sup> week of the year, the Dow Jones Industrial Average turned a start of the week gain into a weekly loss of 0.39%, with the S&P 500 Index following suit with a weekly loss of 0.24% while the NASDAQ Exchange gave back a nominal 0.02%. To the ever closer to Indian Summer north, the TSX Composite Index held onto a weekly gain of 2.33% and the TSX Venture Exchange returned a weekly gain of 3.31%.

Some of the 28 new 52-week trading highs established last Friday include Allied Nevada Gold (ANV-T) at \$43.10, American Bonanza Gold Mining (BZA-T) at \$0.65, Detour Gold (DGQ-T) at \$37.32, Dollarama Inc. (DOL-T) at \$33.97, Goldcorp Inc. (G-T) at \$54.05, Minefinders Corp. (MFL-T) at \$17.11, New Gold (NGD-T) at \$13.50, Richmond Mines (RIC-T) at \$11.35, Royal Gold (RGL-T) at \$87.02, TAG Oil Ltd. (TAO-T) at \$7.75 and Yamana Gold Mines (YRI-T) at \$16.73, while some of the 27 new 52-week lows were Air Canada (AC.A-T) at \$1.64, Anderson Energy (AXL-T) at \$0.61, Bombardier Inc. (BBD.B-T) at \$4.37, Formation Metals (FCO-T) at \$0.75, Great-West Lifeco (GWO-T) at \$21.41, Husky Energy (HSE-T) at \$23.61, Silvercorp Metals (SVM-T) at \$6.92, Sterling Shoes Inc. (SSI-T) at \$0.37, Uranium One (UUU-T) at \$2.43 and Zargon Oil & Gas Ltd. (ZAR-T) at \$16.00.

Much of last week’s late day sell off came after the U.S. Labor Department revealed their economy failed to create any meaningful level of new jobs in august and that the U.S. unemployment rate remained stuck at 9.1%.

TD Economics - “The U.S. payrolls report is the first comprehensive data for August corresponding with real economic activity, rather than the survey data we have received up until now. Unfortunately, it is confirming the weakness. August payrolls are likely a sign of what’s to come in September and October, as firms reconsider hiring intentions amid downgraded global economic growth expectations.

Bank of Montreal - "It was an ugly U.S. employment number. The Canadian dollar is underperforming on the expectation the U.S. economy is going to slow, and that will have a ripple effect on Canada's economy."

Sharps Pixley - "We would not be surprised to see gold revisit fresh all-time highs in the next few weeks."

TD Securities - "At the end of the day, \$4 copper is signaling that things are going to be pretty good. At current levels, copper doesn't spell lousy economic activity."

New Zealand Energy (NZ-V) shares' surges by \$0.39 or 32.50% to \$1.59, while TAG Oil (TAO-T) shares' rise by \$0.64 or 9.00% to \$7.75, on word that giant oil firm Apache Corp. (APA-N) was acquiring prospective acreage in the East Coast Basin of that southern country.

Conversely, the shares' of Silvercorp Metals (SVM-T) plunge by \$1.31 or 15.925 to \$6.92 on rumours that 'short-sellers' were building up large short positions and then starting negative reports about the Chinese miner.

Home movie company, Netflix (NFLX-Q) shares' fall by \$20.34 or 8.68% to US \$213.03 on word the premier home video company may not renew its distribution agreement with Sony (SNE-N) and Disney (DIS-N) movie supplier Startz.

A JPMorgan Chase & Co. study of mutual fund returns finds that 47% of mutual funds have underperformed their benchmark indexes by at least 2.5% so far this year, while only 13% have beaten the market by at least the same amount.

The International Monetary Fund's Christine Lagarde adds fuel to the markets negative state by warning that the global economy is on the brink of a fresh monetary crisis.

Herbert Kaufman - "Only things the dreamers make live on. They are the eternal conquerors."

### **And then on Tuesday, September 6<sup>th</sup> -**

Once again, nervous investors wait to see how the Labour Day shortened trading week will react to last week's disappointing American employment figures and the IMF's exasperating comments on the world's economy.

Technical analysts Dave Harder & Ron Meisels - "The upward corrective action in force since the double-bottom still has some momentum to bring stock prices and indicators to a somewhat higher level....Continue to use strength to increase cash positions. It is better to be safe than sorry."

Switzerland's Central Bank (SNB) shocks the foreign exchange market by devaluing its currency by over 8% and pegging it at 1.20 Swiss francs to the euro while stating - "The current massive overvaluation of the Swiss Franc poses an acute threat to the Swiss economy and carries the risk of a deflationary development. The SNB will enforce this minimum rate with the utmost determination and is prepared to buy foreign currency in unlimited quantities"

The U.S. Commerce Department reports their ISM Non-Manufacturing Composite Index of Economic Activity rose by an unexpected 0.6-points in August to a level of 53.3.

Credit agency Fitch Ratings sights Canada's "culture of conservative policymaking that allowed the nation to weather the financial crisis" as it reaffirms Canada's AAA credit rating with a stable outlook.

All three of Canadian airlines, Air Canada (AC.A-T), Porter and WestJet (WJA-T), report increased load factors for the month of August.

The shareholders' of Inca Pacific Resources (IPR-V) are pleased to see their investment surge up by \$0.25 or 75.76% to \$0.58 when the mineral explorer receives a unsolicited \$0.61-a-share buyout offer from Peru's state owned Compania Minera Milpo S.A.A. (MILPO).

Similarly, the share price of Open Range Energy (ONR-T) rise by \$3.10 or 48.44% to \$9.50 on word the petroleum company will spin off its Poseidon Concepts frac fluid handling company into a separate publicly trading and dividend paying company.

Sunoco Energy (SUN-N) reports it is moving out of the refining business and will concentrate of its pipeline and downstream gasoline retail marketing operations.

The shares' of Temple-Inland (TIN-N) gain \$6.22 or 25.25% to US \$3085 when the Louisiana based forest products company agrees to a US \$32-a-share stock and debt takeover bid from International Paper (IP-N).

**The spot price of uranium gains \$2 to once again cross above \$50 to a fix of US \$51.00 a pound.**

**The closely watched CBOT Volatility Index or VIX rises by 3.66 points to once again cross above 35 to a more nervous level of 37.58.**

Zig Ziglar - "Success is one thing you can't pay for. You buy it on the installment plan and make payments every day."

### Wednesday, September 7<sup>th</sup> -

Tuesday's 'we're bailing on the Swiss franc's' negative trading day leaves Canaccord's Morning Coffee to report an increased 42 new 52-week trading highs and an elevated 53 new lows. A mix of the new highs of interest include B2Gold (BTO-T) at \$4.29, Canadian Utilities (CU-T) at \$60.20, Centerra Gold (CG-T) at \$23.69, Claymore Gold Bullion ETF (CGL-T) at \$17.18, Eldorado gold (ELD-T) at \$21.95, Endeavour Silver (EDR-T) at \$12.67, Gold Reserve (GRZ-T) at \$3.45, Midas Gold (MAX-T) at \$4.10, Northgate Minerals Corp. (NGX-T) at \$4.34, Open Range Energy (ONR-T) at \$9.50 and Westcast Industries (WCS.A-T) at \$12.20, while some of the new lows of note were AbitibiBowater (ABH-T) at \$14.84, Canadian Pacific Railway (CP-T) at \$52.62, Daylight Energy Ltd. (DAY-T) at \$7.26, Frontier Rare Earths Ltd. (FRO-T) at \$1.44, Linamar Corp. (LNR-T) at \$14.05, Niko Resources (NKO-T) at \$51.52, Power Corp. of Canada (POW-T) at \$22.32, RONA Inc. (RON-T) at \$9.50 and Thomson Reuters (TRI-T) at \$27.91.

Manulife Financial Corp. - "The markets just want to know someone is in control of the situation, and apparently now, no one is in control, whether it's the U.S. economic situation, the U.S. debt situation, European debt, or the global economy."

HSBC - "There is a kind of beggar-thy-neighbor forex policy here... Everyone does what's right for themselves but it doesn't work out to be right for everyone."

Bank of Canada Governor Mark Carney says the country's benchmark interest rate will stay at 1% into the foreseeable future.

Under the heading of 'Cross Border Shopping'- Canada's Finance Minister Jim Flaherty on the topic of cross border price discrepancies - "Canadians are irritated when they see large price discrepancies on the exact same product sold on different sides of the border. I share their irritation."

NVIDIA (NVDA-Q) shares' gain \$1.07 or 8.12% to US \$14.25 when the computer processor company raises its sales outlook for fiscal 2013.

With project costs that seem to rise as fast as resource prices, NovaGold Resources (NG-T) reports the capex costs for its giant Donlin Gold Project in Alaska have risen by \$2.5-billion in the last 2-years to US \$7.0-billion.

The shareholders' of Westport Innovations (WPT-T) are please to see their investment rise by \$4.41 or 19.46% to \$27.07 on word that Royal Dutch Shell (RDS.A-N) will co-market a North American liquefied natural gas-powered vehicle program with the Vancouver based diesel engine conversion company.

Yahoo! Inc. (YHOO-Q) suddenly ex-CEO Carol Bartz - "I am very sad to tell you that I've just been fired over the phone by Yahoo's Chairman of the Board."

Under our continuing heading of 'Contrarian Indicator' - Trim Tabs - "Bullish sentiment on the S&P 500 sank by 16% in July to just 27% in August, the lowest reading in 4-months, while bearish sentiment rose to a 1-year high of 42%.

The Volatility or VIX Index calms itself by 3.54-points to once again fall below 35 and close at a somewhat calmer level of 33.46.

Thomas Edison - "Inventing the light bulb was just a 2,000-step process."

#### **Thursday, September 8<sup>th</sup> -**

Yesterday's 'let's put our trust in Barack And Ben' triple digit market rally leaves the TSX to report a reduced 12 new 52-week trading highs to go along with a lesser 17 new lows. Seven of the new highs of interest include Alacer Gold Corp. (ASR-T) at \$11.65, Banro (BAA-T) at \$4.96, Boardwalk REIT (BEI.UN-T) at \$51.13, Franco-Nevada Corp. (FNV-T) at \$45.99, Karnalyte Resources (KRN-T) at \$16.15, Jean Coutu Group (PJC.A-T) at \$12.30 and Westport Innovations (WPT-T) at \$27.07, while five of the new lows of note were Cascades Inc.

(CAS-T) at \$4.75, Eco Oro Minerals (EOM-T) at \$1.86, Legumex Walker (LWP-T) at \$6.76, Transcontinental Inc. (TCL.A-T) at \$11.52 and Vicwest Inc. (VIC-T) at \$8.84.

James Investment Research - "The market is trying to feel the ground for a bottom. It's maybe going in the right direction with the President showing a little more of a pro-business, pro-growth concept."

Stifel, Nicolaus & Co. - "This is just another step in a long road. We'd like to see some improvement in some of the data, and we're just not there yet."

Notley's Notes - "A long term cyclic top registered for equities in February/March and the first intermediate downleg of the new bear is nearing maturity. One short term decline remains and could well take price levels below the August lows. Under that scenario, gold is likely to blow-off to new highs....The current short term uptrend is classified as a recovery rhythm against the still-developing intermediate decline. A short term top is pending. The next short term downtrend is likely to persist into late September on, completing the intermediate decline. It could be a powerful wash-out leading to an intermediate recovery bounce....The current cyclic bull in gold is the fifth cycle of the secular advance originating 12-years ago. The bull is accelerating and heading for a cyclic peak, not a secular peak. The final secular peak is still years away, possibly up to two cycles from now."

The U.S. Commerce Department reports their trade deficit fell by about 13% in July to US \$44.8-billion.

The World Economic Council reports that Canada ranking as a competitive nation fell in 2011 by 2-positions to 12<sup>th</sup> place of the 142 surveyed nations.

As the U.S President and Fed Chairman prepare to address the American public, the U.S. department of Agriculture reports that over 17-million or 14.5% of American households were unable to eat properly in 2010, while 46-million people, or 1/6<sup>th</sup> of Americans receive government issued food stamps.

Under the heading of 'Monkey in The Middle' – TransCanada Corp. (TRP-T) CEO Russ Girling on his company's proposed Keystone XL pipeline – "There is no way we could have ever predicted that we would become the lightning rod for a debate around fossil fuels and the development of Canadian oil sands. The pipeline itself is routine. It's something we do every day. It will be a safe pipeline."

Primero Mining (P-P) shares' plunge by \$0.56 or 18.67% to \$3.00 when the gold miner sights labour unrest and lower gold grades in cutting its 2011 operating outlook.

McDonalds Canada reports it will spend about \$20-million to upgrade its 1,400 Canadian restaurants.

Similarly, the share price of Transat A.T. (TRZ.A-T) fall by \$0.99 or 12.39% to \$7.00 when Canada's largest charter airline reports worse than expected 3<sup>rd</sup> quarter financials, and worse yet, lowers its guidance for the 4<sup>th</sup> quarter.

Yahoo! Inc. (YHOO-Q) shares' gain \$0.83 or 6.10% to US \$14.44 when institutional investors call for an overhaul of the search engine company.

U.S. Fed Chairman Ben Bernanke – "The Reserve Bank will do all it can to help restore high rates of growth and employment in a context of price stability."

U.S. President Barack Obama – "The White House stimulus plan will provide a jolt to an economy that has stalled, and give companies confidence that if they invest and hire, there will be customers for their products and services."

Ben Bernanke - "If two people always agree - one of them is redundant."

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

Thursday's nervous day of waiting for Ben and Barack to speak leaves the TSX with an increased 40 new 52-week trading highs and 19 new lows. Five of the notable new highs were Enbridge Inc. (ENB-T) at \$32.87, IAMGOLD corp. (IMG-T) at \$22.81, Lundin Petroleum AB (LUP-T) at \$15.08, Timmons Gold (TMM-T) at \$3.09 and Troy Resources NL (TRY-T) at \$5.00, while Five of the notable new lows include Arbor Memorial Services (ABO.A-T) at \$22.51, Cascades Inc. (CAS-T) at \$4.69, Hammond Power Solutions Inc. (HPS.A-T) at \$8.40, Primero Mining Corp. (P-T) at \$3.00 and Transat A.T. (TRZ.A-T) at \$7.00.

USAA Investment Management Co. – “People wanted some sort of an announcement that they could rely on and say – OK, that’s specifically what the Fed is going to do. Until we get clarification, the market will continue to gyrate.”

The U.S. Commerce Department reports their wholesale inventories rose by 0.8%.

The U.S. Mint reports the amount of American Eagle gold bullion coin sales more than doubled in August from August one year ago to 104,500 ounces, while American Eagle silver bullion coin sales for August fell by 186,500 ounces from August 2010 to 2,264,500 ounces.

Macau’s Gaming Inspection and Coordination Bureau reports the region’s six casinos saw their revenues surge by 57% in August to a record high of US \$3.09-billion.

US, television network NBC says that if you rush, you can still secure with US \$3.5-million one of the only five remaining 30-second TV commercial spots for next winter’s Super Bowl.

Bloomberg News reports that the number of Chinese billionaires rose by 82 last year to 271 billionaires.

A Kia Motors poll finds that motorists are safer and most alert as drivers on Monday mornings while they are most relaxed and accident prone on Thursday afternoons.

Reuters estimates that social network Facebook’s 1<sup>st</sup>-half revenue roughly doubled to US \$1.6-billion. (Like...).

The Canadian Payroll Association reports that 57% of Canadians would be in tough spot if their paycheck was delayed by just one week.

Canaccord’s Debbie Lewis – “Has anyone else noticed that when you run into a spider web, you suddenly turn into a Ninja?”

**And Finally** - It turns out that mankind has now even managed to over pollute the Final Frontier, as NASA’s Orbital Debris Program Office, which already tracks over 22,000 pieces of visible space debris while estimating there may be another 500,000 pieces that are too small to monitor, warns that space junk has now reached a dangerous ‘tipping point’ where it now threatens to continually smash into satellites and endanger the lives of astronauts.

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