



The Week of April 2nd to April 8th, 2018
“A Brief Look Back Into Tomorrow”

Good Day

The new North American trading week began on **Monday, April 2nd** with investors wondering if the recent market ‘correction’ was actually turning into a market ‘bear’. To which technical analysts **David Tippin & Ron Meisels** commented – “**We expect that the correction period will end in April.** The final chapter may have some volatile episodes but an upside resolution should be anticipated”. (For a complete copy of this report please contact Rod.blake@canaccord.com.)

The markets opened sharply lower on word that **China was imposing trade tariffs of up to 25% on 128 products** the country imports from the United States.

The **Institute of Supply Management** reported that its **U.S manufacturing index fell by 1.5-points in March** from its 14-year high to **59.3**. Still well above the growth level of 50.

Giant micro-chip manufacturer **Intel Corp.** ‘INTC-Q’ shares’ **tumbled lower by over 5% to US\$49.00** after giant technology company **Apple Inc** ‘AAPL-Q’ announced it **will begin building its own chips** for its electronic devices.

Transcontinental Inc. ‘TCL.A-T’ stock **rose by almost 10% to \$27.92** after the Montreal based printing company announced it was **buying Chicago based packaging company Coveris Americas** in an all-cash deal of some **US\$1.32-billion**.

Tuesday, April 3rd saw the **United States** counter China’s tariffs announcement on Monday by **issuing 25% tariffs on a further 1,300 more industrial, technology, transport and medical products.**

Spotify Technology ‘SPOT-N’ shares’ **began trading publicly** and the Sweden based music streaming company did very well as its **stock price rose by almost 13% during the day to S\$149.01.**

The price of **Callidus Capital** ‘CBL-T’ stock **plunged by over 31% to \$4.42** after the finance company **reported a much larger than expected 4th-quarter loss.**

PURE Multi-Family 'RUF.U-T' shares' surged up by 17% to US\$7.25 on word the REIT was being acquired by private equity firm **Electra America** in an all-cash deal of some **\$7.59-a-share**.

The **tariffs ball went back into China's court on Wednesday, April 4th** and the world's 2nd largest economy took advantage and announced **tariffs on some 106 more American goods** including soybeans, whisky, beef, industrial chemicals and small aircraft.

Eldorado Gold 'ELD-T' finally got some good news as **an arbitration panel in Greece ruled the gold miner had a valid technical plan to build metallurgical plants for its Skouries and Olympias gold mines** in that Mediterranean country.

The price of **Cloudera Inc. 'CLDR-Q'** **plunged by over 40% to US\$13.29** after the cloud-software company **lowered its sales guidance** for the rest of the year.

Lennar Corporation's 'LEN-N' stock **gained 10% to US\$62.82** after the American homebuilder reported it **sold more homes at higher prices** in the 1st-quarter.

Thursday, April 5th has **Statistics Canada** report that the country's **trade deficit rose by a much larger than expected 42% in February to a 14-year high of \$2.7-billion**.

Similarly – the **U.S. Commerce Department** reported their **trade deficit rose by a further 1.6% in February to a 9-year high of US\$57.6-billion**.

Corus Entertainment 'CJR.B-T' shares' **surged up by 19% to \$7.13** after the media company surprised the street with **much better than expected 1st-quarter financials**.

Friday, April 6th had the **Trump administration** continue to play tit-for-tat with their Chinese counterparts by **imposing another US\$100-billion of import tariffs** on yet unnamed Chinese products.

The **U.S Labor Department** report their economy **created a less than expected 103,000 new jobs in March** leaving the country's unemployment rate steady at 4.1%.

Up north – **Statistics Canada** said this country **created a better than expected 32,300 new jobs in March**, leaving the unemployment rate unchanged at 5.8%.

Petroleum industry analyst **Baker Hughes 'BHGE-N'** reported the number on **active American drilling rigs rose by 10-rigs last week to 1,003 active drilling rigs**, while the number of **active Canadian rigs fell by 23-rigs to 111 active drilling rigs**.

Torex Gold 'TXG-T' shares' **soared up by 51% to \$ 11.57** on word that the **illegal blockades had ended** at the company's **ELG Mine and Media Luna Projects** in Mexico.

During the Week – the TSX Composite Index, S&P 500 Index, and NASDAQ Exchange

fell to respective 2-month closing lows of 15,164, 2,582, and 6,870. Meanwhile the Dow Industrials fell to 4-month low of 23,644 and the TSX Venture Exchange dropped to a 9-month low of 764. All of which helped the VIX to rise to a 2-month closing high of 24.87.

For the Week – CAE Inc. ‘CAE-T’ at \$24.68, Fennec Pharmaceuticals ‘FRX-T’ at \$18.24 and Morneau Shepell ‘MSI-T’ at \$25.99 all rose to new TSX 52-week trading highs while Corby Spirit & Wine ‘CSW.B-T’ at \$18.50, KP Tissue ‘KPT-T’ at \$10.96 and Paramount Resources ‘POU-T’ at \$13.93 all fell to new 52-week trading lows.

For the Week – the Dow Industrials fell by 0.72% to 23,933, with the S&P 500 off by 1.42% to 2,604 and the NASDAQ down by 2.10% to 6,915. Up north – the TSX Composite Index fell by 1.04% to 15,207 and the TSX Venture Exchange dropped by 3.51% to 769.

With Commodities – gold bullion was lower by 0.75% to US\$1,337, while copper was up by 0.66% to US\$3.04, as crude oil dropped by 4.54% to US\$61.99 and natural gas fell by 1.10% to US\$2.70. Overall – the CRB Spot Commodity Index eased down by 0.23% to end the week at 436.

The Canadian dollar rose by 1.01% against its American counterpart to finish the week at US\$0.7832.

And the closely watched CBOE Volatility Index or VIX gained 1.41-points to end the week at a little more nervous level of 21.49.

And Finally – To give you an idea of the future size of the marijuana business – research firm Cowen & Co. estimates that the American legal cannabis sales will reach US\$75-billion by the year 2030 – or about the same size of the current North American soft drink market.

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

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