



The Week of July 26th to August 2nd, 2015
"A Brief Look Back Into tomorrow"

Good Day

The last trading week of the month began on **Monday, July 27th** with resource investors wondering what had hit them as **some resource issues were trading below their levels of the Great Recession of 2008-09.**

Much of the pressure on commodities seemed to come over **concerns over the Chinese economy** after the **Shanghai Composite Index** dropped by another **8.5% overnight to 3,819.**

The share price of **Republic Airways Holdings (RJET-Q)** nosedived by over **55.6%** to **US\$3.77** when the regional air carrier greatly reduced their **2nd-quarter outlook** due to shortage of qualified pilots.

Newmarket Gold (NMI-T) shareholders had a good day when their investment **surged up by over 17%** to **\$0.96** on **promising drill hole gold assays** from the company's **Fosterville Gold Mine** near Melbourne, Australia.

One week after he resigned as a director of **Barrick Gold (ABX-T)**, mining businessman & philanthropist **Ned Goodman** announced on **Tuesday, July 28th** that he had assumed the **same position with junior miner Excellon Resources (EXN-T).**

While many here in the healthy west feel that tobacco products is a declining industry, many clearly still see it otherwise as the share price of **Reynolds American (RAI-N)** rose by over **6.3%** to **US\$84.20** after the giant tobacco company reported **better than expected 2nd-quarter financials** due to greater cigarette sales and prices.

Insider reports are usually pretty bland, (a buy here or a sell there), but sometimes they become very insightful as on **Wednesday, July 29th** when **CNA Finance** reported that **Microsoft (MSFT-Q)** founder **Bill Gates**, through his Cascade Investment LLC, bought another 3.8-million shares in July to **the largest shareholder of Canadian National Railway (CNR-T).**

(Hmmm, his good friend **Warren Buffett** owns the **Burlington Northern Santa Fe Railway**. Is this just a couple of ultra-rich boys playing trains?)

Twitter Inc. (TWTR-Q) shares' fell by **14.5%** to **US\$31.24** when the social media

company failed to live up to the streets' lofty expectations with their 2nd-quarter growth numbers.

Similarly, the price of **Yelp Inc. (YELP-Q)** shares' plunged by over 25% to **US\$25.08** when the business review company failed to impress with their 2nd-quarter financials but worse yet, lowered its guidance for the rest of the year

Industry observer **IHS Automotive** reported that **the average age of an American auto has reached a record 11.5-years of age** with the average new vehicle being kept for 6.5-years and the average used vehicle being kept for 5-years.

And auto sales preferences are shifting as **Canadian Business** reported **Volkswagen with first-half 2015 sales of 5.04-million units** has overtaken Toyota Motor Co. (TM-N) with sales of 5.02-million as **the world's largest auto company**.

Bombardier Inc. (BBD.B-T) shares' once again came under pressure on Thursday, July 30th when the world's largest plane maker announced up to two-years of production delays for its new next generation Global 7000 & 8000 business jets.

M & A continued in the mining sector with Australia's **OceanaGold Corp. (OGC-T)** announcing a **\$856-million all-stock takeover of Canada's Romarco Minerals (R-T)** and its past producing Haile Gold Mine near Kenshaw, South Carolina.

And rather than announce numerous petroleum companies that lost money this day, we thought it prudent to notice the one of the few that made money as **Suncor Energy (SU-T)** shares' rose by over 6.3% to **\$36.81** after Canada's largest integrated oil company not only reported improved 2nd-quarter financials, it also raised its annual dividend by another 4%.

Statistics Canada caught many by surprise on Friday, July 31st when the nation's data collector reported that **the country's gross domestic product or GDP shrank by an unexpected 0.2% in May**, marking five consecutive months of economic contraction. (And of course, six months or two quarters of consecutive economic contraction equals - one recession.)

Several mid - long term trends were set during the week with **crude oil dropping to a new 4-month low of US\$46.87-a-barrel**, while **copper fell to a new 6-year low of US\$ 2.35-a-pound** and the **CRB Spot Commodity Index sank to a new 51/2-year low of 407**. Resource related indexes suffered as well with the **TSX Composite Index falling to a new 7-month low of 14,001** and the lowly **TSX Venture Exchange plunging to a new record low of 582**. And the **Canadian Loonie plunged to a new 11-year low of US\$0.7648**.

Constellation Software (CSU-T) at **\$597.83**, **Fortress Paper (FTP-T)** at **\$5.72** and **TSO3 Inc. (TOS-T)** at **\$1.96** all set **new TSX 52-week trading highs** while **BlackBerry Ltd. (BB-T)** at **\$9.30**, **EnCana Corp. (ECA-T)** at **\$9.46** and **Westshore Terminals**

Investment Trust (WTE-T) at \$27.19 all sank to new 52-week trading lows.

For the Week - The Dow Industrials improved by 0.69% to 17,690, while the S&P 500 Index gained 1.15% to 2,080 and the NASDAQ Exchange up by 0.77% to 5,128. North of the border, the TSX Composite Index rose by 1.99% to 14,469 and the TSX Venture Exchange was up marginally to 594.

With commodities, gold bullion was up by 0.83% to US\$1.095, while copper lost 1.26% to US\$22.35, with crude oil down by 2.64% to US\$46.87 and natural gas off by 2.16% to US\$2.72. And the CRB Spot commodities Index was down by 0.49% to 408.

The Canadian dollar fell by another 0.20% against the American dollar to finish the week at US\$0.7648.

And the closely watched CBOE Volatility Index or VIX was down by 1.62-points to end the week at a very calm level of 12.12.

And Finally - A recent CIBC poll found that most younger Canadians felt they would be debt free by the age of 56, while 13% of older Canadians think they will never pay off the money they owe.

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