



The Week of November 17th to November 23rd, 2014  
"A Brief Look Back Into Tomorrow"

**Good Day**

The new week begins on **Monday, November 17th** with investors wondering if the American markets can keep their recent recovery march to new highs going, and the gold bugs quietly sensing that their favourite metal is finally taking a step off of the bottom.

And the gold bugs were vindicated when **Osisko Gold Royalties (OR-T)** and **Virginia Mines (VGO-T)** announced they were **merging to form a Quebec based gold royalty company** with a combined value of some \$1.3-billion.

On a related note, **Bloomberg** reported that while the **SPDR Gold Trust (GLD-N)** exchange traded fund (ETF) now holds just 727-metric tons or 0.4% of the world's 177,000 metric tons of gold held throughout the world, it still **accounts for some 46% of the trading of the global gold ETF market.**

**Japan** once again put a damper on the markets when it the world's third largest economy **reported a second consecutive downturn in quarterly growth** which, according to international standards, puts them **in an official recession.**

**Uranium** stocks got a lift on **Tuesday, November 18th** when the weekly spot price of U308 rose by \$5.00 to a new **2-year high of US\$41.75-a-pound.**

**Potash** stocks also caught a bid on word that **Russia's Uralkali announced an unexpected shutdown of its Solikamsk-2 potash mine** due to a higher than expected inflow of brine fluid.

The Canadian housing market phenomenon continued with the **Canadian Real Estate Association** reporting that **the average price of a Canadian home** rose by another 7.1% year-over-year to October to .....now wait for it....**\$419,699.**

Technical analysts **Olaf Sztaba & Ron Meisels** - The recent rally put **the U.S. indices on an upside trajectory with no historic price resistance**, which might ultimately lead to a more aggressive phase of this bull market." (For a copy of the full report please email [rod.blake@canaccord.com](mailto:rod.blake@canaccord.com).)

Under the heading of 'Coming Clean' - Investors still have a fondness toward clean energy as the price of **SunEdison Inc. (SUNE-N)** and **TerraForm Power (TERP-Q)** shares surged up by about 28% when the power utilities announced they were **acquiring northeast wind energy operator First Wind** in an all-cash deal worth some US\$2.4-billion.

The resource markets take another hit on **Wednesday, September 20th**, when **Cliffs Natural Resources (CLF-N)** shares' plunged by almost 20% to US\$8.19 when the miner announced they **may close their Bloom Lake iron-ore mine in Quebec**.

All of this as **the price of iron ore has fallen by 44% so far this year to a 5-year low of US\$75.10-a-tonne**.

Two very direct barometers of the American housing market and economy, **Home Depot (HD-N)** and **Lowe's (LOW-N)** reported **14% and 17% increases in 3rd quarter earnings**.

The **Canadian Mortgage & Housing Corp.** reported that **apartment condominiums**, which made up less than 20% of Canadian housing starts in the early 1990s, **now make up more than 33% of new housing starts**.

**Nevsun Resources (NSU-T)** caught the markets' attention early on **Thursday, November 20th** when its stock price gapped higher on the opening before closing up by almost 10.4% at \$4.68 on word that private equity firm **QKR Corporation was looking to take over the African gold miner**.

It seems not too long ago that the street was signalling that internet shopping would lead to the demise of **Best Buy Co. (BBY-N)**, but now it seems the electronics retailer's stock is back in favour and rose by almost 7% to US\$38.01 as cost cutting measures and increased revenues led to its **first positive quarter in the past two years**.

Conversely, the share price of **GoPro Inc. (GPRO-Q)** fell by over 9% on word that **company founder and CEO Nicholas Woodman would be selling 9.1-million of his own shares** of the action camera company in recently announced secondary public share offering.

It seems that recently the major economic events get announced overnight and **Friday, November 21st** was another example as **China** announced early in the morning that the world's number two economy was **lowering its key interest rate by 0.4% to 5.6%** in an effort to stimulate its economic activity that has languished lately at a 5-year low growth rate of 7.3%.

Meanwhile, **European Central Bank (ECB)** president Mario Draghi coincidentally said the bank was willing to step up the pressure and **broaden its efforts to stimulate the struggling eurozone economy** and raise its inflation rate to the annualized target rate

of 2%.

Conversely, the **Canadian dollar rallied** by half-a-cent to US\$0.89 when **Statistics Canada** reported the country's inflation rate had risen by **0.2% in October to an annualized rate of 2.4%**, well above the target rate of 2% and an early indicator that the Bank of Canada may be forced to raise interest rates to begin combating inflation.

Not to be outdone by British Columbia's Premier Christy Clark's five conditions for approval of **Enbridge Inc.** (ENB-T) controversial Gateway pipeline across her province, **Ontario Premier Kathleen Wynne** and **Quebec Premier Phillippe Couillard** have come up with **seven principles** of their own for approval of **TransCanada Corps.** (TRP-T) \$12-billion **Energy East pipeline** that would traverse their provinces on its way to deliver crude oil to ocean side refineries in New Brunswick.

The price of **GameStop Corp.** (GME-N) shares' fell by almost 14% to US\$37.80 when the company's **third quarter financials didn't live up to the streets' expectations** as lower software sales more than offset improved demand for its Playstation 4 and Xbox One sales.

The indexes continued to make new short, intermediate and long-term highs during the week with the **TSX trading up to a new 2-month closing high of 15,111**, the **NASDAQ establishing a new 14-year high of 4,713**, the **S&P 500 reaching a new record closing high of 2,064** along with the **DJIA hitting a new all-time closing high of 17,810**.

Some commodity prices continued to show improvement with **natural gas closing at a new 5-month high of US\$4.65-per-million-btus** while the spot price of **uranium reached a new 2-year high of US\$44.00-a-pound**.

Communication stocks helped to set the bar higher during the week as **BCE Inc.** (BCE-T) at \$54.24, **Shaw Communications** (SJR.B-T) at \$30.91 and **TELUS Corp.** (T-T) at \$43.92 all established **new TSX closing highs** while the energy sector continued to drag as **Athabasca Oil** (ATH-T) at \$2.78, **Baytex Energy** (BTE-T) at \$29.11 and **Spyglass Resources** (SGL-T) at \$0.72 all fell to **new 52-week closing lows**.

**For the Week - The Dow Industrials** rose by another 0.99% to **17,810**, with the **S&P 500 Index** up on the week by 1.18% to **2,064** and the **NASDAQ Exchange** ahead by 0.51% to **4,713**. In we're glad Canada's north of Buffalo, the **TSX Composite Index** improved by 1.81% to **15,111** and the **TSX Venture Exchange** gained 1.54% to **789**.

**Gold bullion** rose by 1.26% to **US\$1,201**, with **copper** flat at **US\$3.04**, while **crude oil** gained 1.16% to **US\$76.70** and **natural gas** surged up by 6.54% to **US\$4.40**. Overall the **CRB Spot Commodities Index** improved by 0.25% to finish the week at **455**.

The **Canadian dollar** rose by 0.51% against the U.S. dollar to end the week at **US\$0.8902**.

And the closely watched **CBOE Volatility Index** or VIX eased by 0.32-point to finish the week at a slightly calmer level of **12.99**.

**And Finally** - With all the ongoing rhetoric about global warming we find it of great interest not only the recent record snowfalls in Buffalo New York, but also that the **National Association of Manufacturers** reported that **industries along the Great Lakes are stockpiling extra inventory this winter because last year the lakes' water level control locks froze for 145-days**, creating over twice as many shipping days lost than the regions usual number of 62.

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