



The Week of October 13th to October 19th, 2014
"A Brief Look Back Into Tomorrow"

Good Day

The new trading week began on **Monday, October 13th** with the Canadian markets closed for Thanksgiving while American investors were almost afraid to look to see if the previous week's across the board sell-off of equities would continue or prove to be to climatic end of a most swift and painful correction to date.

Technical analysts **David Tippin & Ron Meisels** - "The healthy correction of the last few weeks has moved the markets into an oversold condition, although further downside or basing action is possible before this bull market finds a stable footing." (To see the full report send a request to rod.blake@canaccord.com.)

Chrysler came back to the Big Board for the first time since the Great Recession as **Fiat Chrysler Automotive N.V. (FCAU-N)** lists on the **New York Stock Exchange** with an opening trade of **US\$9.00-a-share**.

The **Canadian markets** followed their American counterparts lower when they returned to trade on **Tuesday, October 14th** as the **TSX fell by over 190-points** to 14,037 and the **TSX Venture Exchange plunged by another 24-points** to 803 as **crude oil plunged by another \$4** to just **US\$81.84 per barrel**.

Canadian Pacific (CP-T) try to turn its attention southward as Canada's second largest railway makes an **unsolicited takeover bid** for Florida based **CSX Corp. (CSX-N)**.

Facebook's (FB-Q) **Mark Zuckerberg** and his wife, **Pricilla Chan** announced **they would donate US\$25-million to the CDC Foundation to help fight the deadly Ebola epidemic** that is now threatening American homeland.

The equity markets that were already in a serious correction mode found another reason to move lower on **Wednesday, October 15** when **Germany**, the powerhouse European economy, **lowered its growth estimate for this year by 0.6% to just 1.2%**.

According to the **World Gold Council**, **gold backed exchange traded funds (ETFs)** now **hold some 1,700-tonnes or US\$71-billion of gold bullion**, that collectively is the value of the top 10% of worldwide corporate capitalizations.

Netflix Inc. (NFLX-Q) was the centre of the market's attention on **Thursday, October 16th**, as the video steaming company's stock price **plunged by almost 20%** to **US\$359.88** on word they were expected weaker than first expected subscriber growth for the rest of the year.

Statistics Canada reported that the country's **factory orders**, led by a larger than expected drop in automobile shipments, **fell in September by a 5-year high of 3.3% to \$52.1-billion.**

The markets stabilized late in the trading day when **St. Louis Fed President James Bullard** suggested the Fed should consider delaying the end of the quantitative easing due to sinking inflation expectations.

And then the markets rallied on **Friday, October 17th** when the **U.S. Commerce Department** reported that their **new housing starts rose by 6.3% in September to 1.017-million units.**

Adding to the optimism was a **University of Michigan** report that **American consumer confidence rose by a better than expected 1.8-points in October to a 7-year high of 86.4.**

New intermediate and long-term closing lows were established during the week with the **S&P 500 Index setting a new 6-month closing low of 1,862**, the **NASDAQ closing at a new 5-month low of 4,214** and the **DJIA hitting a new 6-month closing low of 16,117**. In Canada, the **TSX Composite Index dropped to a new 9-month low of 13,870** and the **TSX Venture plunged to a new 5-year 10-month low of 778**. Meanwhile the **VIX shot up to a new 2-year 4-month high of 26.25**. **Crude oil closed at a new 2-year low of US\$81.84**, the **CRB Spot Commodity Index fell to a new 8-month low of 462** and the **Canadian dollar dropped to a new 5-year closing low of US\$0.8849**.

Canlan Ice Sports (ICE-T), Dollarama Inc. (DOL-T) at \$98.40 and Horizons U.S. Dollar Currency ETF (DLR-T) at 11.30 all set **new TSX 52-week closing high of \$3,10**, while **Cameco Corp. (CCO-T) at \$17.60, Cenovus Energy (CVE-T) at \$25.79 and Sherritt International (S-T) at \$2.65** all hit **new 52-week closing lows**.

For the Week - The Dow Industrials were off by 0.99% to **16,380**, with the **S&P 500 Index** down by 1.00% to **1,887** and the **NASDAQ Exchange** lower by 0.42% to **4,258**. On the Canadian side, the **TSX Composite Index** ended the week unchanged at **14,227** while the **TSX Venture Exchange** fell by another 2.06% to **810**.

Gold bullion gained 1.31% to **US\$1,238**, with copper down by 1.32% to **US\$3.00**, while **crude oil** dropped by 3.23% to **US\$83.05** and **natural gas** gained 2.33% to **US\$3.95**. Overall, the **CRB Spot Commodity Index** was lower by 2.12% to end the week at **462**.

The **Canadian dollar** lost another 0.67% to its American counterpart to finish the week at **US\$0.8868**.

And the closely watched **CBOE Volatility Index** or VIX rose by another 0.75-point to end the week at a very nervous level of **21.99**.

And Finally - While the Canadian mint phased out the penny a few years ago, the U.S. Mint continues to press out their country's smallest denomination of currency. The problem with this according to the **Wall Street Journal** is that it **cost the mint \$1.83-cents to produce each penny for a total 2013 loss of US\$55-million**.

Rod Blake, ASCT

Investment Advisor

rod.blake@canaccord.com

Paulina Bustillo

Administrative Assistant

paulina.bustillo@canaccord.com

T: 604.643.0291

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