



The Week of February 10th to February 16th, 2014
"A Brief Look Back Into Tomorrow"

Good Day

The new trading week begins with investors eager to see if the previous week's modest gains would prove to be the bottom of a painful three week correction and perhaps the start of the next bull market, while resource followers were encouraged as more and more issues were establishing uptrends.

Monday, February 10th started with another senior mining company forcing its intentions on a junior with high quality assets as **HudBay Minerals Inc.** (HBM-T) made a hostile \$540-million all-stock takeover offer to **Augusta Resource Co.** (AZC-T) and its prized Rosemont copper project in Arizona.

Meanwhile, in the forest sector, **International Forest Products** (IFP.A-T) spent \$180-million to acquire **Tolleson Ilim Lumber** and move up into the ranks of the **top five North American lumber producers.**

The share price of **Supertex Inc.** (SUPX-Q) surged up by over 35% to US\$32.96 when the semiconductor electronics company received a US\$ 394-million all-cash takeover offer from larger **Microchip Tech Inc.** (MCHP-Q).

Statistics Canada reported that the value of the country's **building permits** fell by 3.7% in January to an annualized 180,248-units.

And what does **Google Inc.** (GOOG-Q) shares trading at over **US\$1,200** mean. It means that the value of the giant search engine company has surpassed **Exxon Mobil Corp.** (XON-N) as the second largest U.S. company and behind **Apple Inc.** (AAPL-Q) as the nation's largest company.

Tuesday, March 11th was once again a day for the politicians to take centre stage first new **U.S. Federal Reserve (Fed) Chairman Janet Yellen** told her nation that the Fed would continue its gradual tapering program but was prepared to react otherwise as the market dictated. Then **Canadian Finance Minister Jim Flaherty** presented a conservative budget to Canadians and referenced that the federal books may be in surplus by next year.

Gold mining shares seemed to move up in unison as the price of the yellow metal firmed by over \$15 to approach US\$ 1,290 in what many long suffering investors hoped would be a breakout pattern. (Could US\$1,300 be on the horizon?)

Crude oil once again caught investor attention on **Wednesday, February 13th**, as the price of the black gold rose by \$0.31 to rise above \$100-a-barrel for the **first time in four months** and end the day at **US\$100.15-a-barrel**.

Air Canada (AC.B-T) shares' fell by almost 20% to \$6.28 when the nation's flag carrier reported that the recent drop of the value of the Canadian dollar was one of the causes for a less than expected 4th quarter report.

Thursday, February 13th began with word that **Comcast Corp.** (CMCSA-Q) had agreed to acquire fellow giant **Time Warner Cable** (TWC-N) in an US\$42.5-billion all-stock deal that would create America's largest cablevision provider.

Similarly, **Bauer Performance Sports** (BAU-T) purchased **Easton Baseball/Softball** from parent Easton-Bell Sports in an US\$330-million all-cash transaction.

Bombardier Inc. (BBD.B-T) shares' were once again pushed lower when the beleaguered Canadian plane/train builder disappointed the street with its 3rd-quarter financials and worse yet, provided a lower guidance for the upcoming year.

The shareholders' of **Cardiome Pharma** (COM-T) were pleased to see their investment surge up by over 22% to \$11.00 when the cardiovascular drug development company received a positive data report for its **BRINAVESS** drug that helps post surgery in returning heart rates to normal.

Those Canadian Baby Boomers heading apprehensively towards retirement gave a small sigh of relief on **Friday, February 14th** when **Canada Pension Plan Investment Board** announced its assets rose by 5.9% in the fiscal 3rd quarter to a **record \$201.5-billion**.

Competition in the menswear business got even more intense when **Joseph A. Bank Clothiers** (JOSB-Q), already involved in a takeover battle with rival **Men's Wearhouse Inc.** (MW-N), announced it was taking over **Eddie Bauer** in a cash & stock deal worth some US\$825-million.

The American airline industry has definitely had enough of the 2014 winter as **Associated Press** reported that a **25-year high 75,000 domestic flights had been cancelled** since the first of December.

With what mirrored a crash diet, the share price of **Weight Watchers Int'l.** (WTW-N) plunged by 27.5% to US\$ 22.16 when the dietary company forecast a full-year

forward guidance that was well below the streets' expectations.

Gold bullion follows crude oil higher by gaining \$15.60 to firmly cross above US\$1,300 to end the day at **3-month high of US\$1,318.40-an-ounce**.

This helped the **TSX Composite Index** to rise by 53-points to once again move above 14,000 and close at a new **2¾-year high of 14,055**.

This was followed by the lowly **TSX Venture Exchange** gaining 10-points to end the day at a new **10-month high of 997**.

And not to be outdone, the **NASDAQ Exchange** rose by 3-points to close at a new **14-year high of 4,244**.

Augusta Resource Co. (AZC-T) at 3.52, **Finning International** (FTT-T) at \$28.59 and **Franco-Nevada Corp.** (FNV-T) at \$55.88, all established new 52-week trading highs last week, while **Bombardier Inc.** (BBD.B-T) at \$3.44, **Madison Pacific Properties** (MPC-T) at \$2.06 and **Pacific Rubiales Energy** (PRE-T) at \$15.32 all fell to new 52-week lows.

For the Week - The **Dow Industrials** gained another 2.30% to **16,154**, with the **S&P 500 Index** up by 2.33% to **1,848** and the **NASDAQ Exchange** up on the week by 2.86% to **4,244**.

To the bring on Olympic Hockey north, the **TSX Composite Index** rose by 1.95% to **14,055** while the **TSX Venture Exchange** gained an impressive 3.56% to end the week at **997**.

Gold bullion gained 4.06% to **US\$1,318** while **copper** rose by 0.62% to **US\$3.26**. Meanwhile, **Crude oil** rose by 0.6% to **US\$100.10** and **natural gas** lost 4.81% to **US\$4.55**. Overall, the **CRB Commodities Index** improved by another 3.47-points to end the week at new **5½-month high of 293.88**.

The **Canadian dollar** rose by 0.50% to finish the week at **US\$0.9102**.

And the closely watched **CBOE Volatility Index (VIX)** eased by 1.22-points to a calmer level of **13.57**.

And Finally - Under our continuing heading of '**Bad News - Good News**' - The bad news according to **Equifax Canada** is that the country's collective **household debt** level rose by another 4.5% in the 4th quarter to a record \$1.422-trillion. The good news is that the number of Canadians who are in arrears by over three months on their debt payments fell by 0.07% to 1.12%. (And isn't modern economics just a wonderful thing?)

Rod Blake, ASCT
Investment Advisor

rod.blake@canaccord.com

Lori Kennedy

Investment Advisor Assistant

Lori.kennedy@canaccord.com

T: 604.643.7778

Looking for investment or trading ideas? Give us a call, we can help. Toll free 1-800-663-1899.

To view previous editions of “The Week”, “Articles of Interest” or to learn more about us please visit our website at www.rodneycastle.com

Our mission is to maximize the value of your portfolio through a dedication to investigation, research and innovative ideas, and to enhance your investment experience by providing the highest level of attention to detail and service available in the financial community.

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

Disclaimer: This publication is a general market commentary and for informational purposes only, it does not constitute a research report and does not contain investment advice. This commentary has been prepared using sources believed to be accurate and true. This material is not complete information respecting any security and therefore is not a sufficient basis on which to base an investment decision.

The information contained in this commentary is drawn from sources believed to be reliable, but the accuracy and completeness of the information is not guaranteed, nor in providing it does Rod Blake, Canaccord Genuity Corp. or its subsidiaries, or affiliated companies, assume any liability. This information is current as of the date appearing in this commentary, and neither Canaccord Genuity Corp. nor Rod Blake assume any obligation to update the information or advise on further developments relating to these securities. This commentary is intended for distribution in those jurisdictions where Canaccord Genuity Corp. Rod Blake is registered as advisors or dealers in securities. Any distribution or dissemination of this commentary in any other jurisdiction is strictly prohibited. The information does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. Canaccord Genuity Corp. and holdings of its respective directors, officers and employees and their associations, from time to time may buy or sell any securities mentioned herein. This message is intended only for the use of the individual or entity to which it is addressed and may contain information which is privileged, confidential or subject to copyright. Internet communications cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, arrive late or contain viruses. Canaccord Genuity Wealth Management is a division of Canaccord Genuity Corp., a Member of the Canadian Investor Protection Fund.